The NATIONAL UNDERWRITER

THURSDAY, MARCH 24, 1955

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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

59th Year, No. 12
March 24, 1955

Effort to Overcome Direct Writers Is Stressed Before EAC

Importance of Agents Having Larger Advertising, Public Relations Program Also Told

BY EDWARD F. COX

BALTIMORE—Two of the most discussed subjects at Eastern Agents' Conference—in formal sessions as well as informal gatherings—were the importance of a larger advertising and public relations program by agents and the need for doing more to offset the efforts of the direct writer.

Public relations and advertising were stressed at a breakfast meeting attended by state association officers, executive secretaries and chairmen of state public relations committees. E. Stuart Windsor of Baltimore, conference committee chairman, presided.

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Advertising kits containing material local agents can tie in with campaigns conducted by companies and state associations were passed out. Various campaigns now underway were described as well as the financing of them.

For example, in Allentown, Pa., membersip fees of the local board also cover advertising expenditures which are spent at various intervals throughout the year, all of which stress the service provided by local agents to the insured.

It was agreed by those attending that a more united effort is necessary if local agents are to get their story across, not only to their customers but prospects as well.

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Among those who touched on the subject of carrying the war to the direct writers was Archie M. Slawsby of Nashua, N. H., member of the executive committee of National Assn. of Insurance Agents.

Saying that because of its proximity to Boston, Nashua agents feel the full impact of the direct writer, he explained that "we have found ways to beat him; sometimes price wise—his usual appeal—many times coverage wise, and always service wise." He has, he said, always traded on the fact that no matter "how good" a direct writer salesman is, he can never be as good as a good agent.

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One of the first weapons that can be used against the direct writer is a good knowledge of the business, which will permit an agent to give a client the fullest protection at the lowest possible cost.

Officers named were Warren Bodwell of Manchester, N. H., chairman, John J. Maguire of Philadelphia, first vice-chairman; Arthur B. Fair of Natick, Mass., second vice-chairman; Charles H. Frankenbach of Westfield, N. J., treasurer, and Valmore H. For-

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FTC Issues Five More Complaints on A&H Insurers

WASHINGTON — Federal trade commission has issued complaints against five more A & H insurers for alleged use of false and misleading advertising. The companies are Fireman's Fund Indemnity, National Casualty, Federal Life & Casualty, Educators Mutual of Lancaster, Pa., and Beneficial Standard Life of Los Angeles.

This brings to 28 the number of insurers against which FTC has issued complaints. The newly issued complaints are considerably more voluminous than were the earlier ones. The number of policies referred to ranges up to 21, and eight to 10 allegations are listed in some of them.

The Joint Committee on Health Insurtance promptly issued a statement pointing out that "as in the case of the commission's earlier complaints, those made public today are not a definite finding or ruling that the advertising in question actually violates the provisions of the FTC act." The five new complaints, the joint committee points out, arise out of a continuing investigation which prompted the commission to issue previous complaints against advertising of other companies. The investigation was begun with the cooperation of the insurance business a year ago.

The A & H business through the joint committee previously has stated its desire to have its advertising conform with the highest standard. It also has expressed its desire to cooperate with FTC and state insurance commissioners toward this end. It is believed that all A & H insurers are adhering to advertising standards and practices in conformance with the advertising codes prepared by the business several months ago.

The complaints just issued by FTC are based on advertising used by the companies before the advertising codes were developed by the A & H business, the committee stated.

The charges against the five companies newly named by FTC include misrepresentation in advertising that their policies were renewable indefinitely, misrepresentation of the extent of coverage, overstating the amount of surgical fees payable, misrepresentation of the health status re-

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Southern Agents Elect Glover, Bell, Ask PR Program

WHITE SULPHUR SPRINGS, W. VA.—More than 250 attended the annual Southern Agents conference here. Vice-chairman Hayne T. Glover, Greenville, S. C., was elected chairman and Frank R. Bell Jr. of Charleston, W. V., vice-chairman. Richard Brantley of Raleigh, assistant executive secretary of North Carolina association, was reelected secretary-treasurer.

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The conference adopted a resolution asking NAIA to discuss with company officials a nationwide, integrated advertising and public relations program which would emphasize to the public the place the local agent occupies in the insurance business.

The conference opened Thursday evening with a get-acquainted social hour sponsored by West Virginia association. The session Friday morning, with Chairman Robert E. Bobo of Clarksdale, Miss., presiding, featured general discussions led by Louie E. Woodbury Jr. of Wilmington, N. C.,

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Spring Winds Blow in New Catastrophe Loss

The vernal equinox and gale force winds arrived almost simultaneously in Kentucky, Ohio, eastern Indiana and eastern Michigan, the latter beginning about 2 a.m. March 22 and leavng in their wake losses of catastrophe proportions. Western Adjustment has reported the storm to the National Board as a catastrophe.

While definite figures are not yet available, preliminary estimates by the adjusters set the amounts at more than 100,000 losses averaging around $50.

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The winds, in some areas mixed with snow, reached velocities of 60 to 70 miles per hour with gusts as high as 95 miles per hour. There was general damage with some serious losses reported on roofs and walls down.

Both Underwriters Adjusting and Western Adjustment are sending in extra people. Some of the cities involved so far are Detroit, Louisville, Athens, Dayton, Cleveland, Steubenville and Youngstown.

New Rule Gives Admitted Insurer Chance at Surplus

Placing of (a) Rated Risk Now as Easy as for Non-Admitted Insurer

National Bureau has filed a new rule for rating surplus lines insurance and has secured approval in about 20 jurisdictions. Heretofore, it has been almost impossible as a practical matter for producers to place surplus lines in domestic, admitted insurers because of insurance department regulations applicable to the procedure, though it has been comparatively simple to place such business in non-admitted insurers.

The new rule filed by National Bureau makes it just as easy as a procedural matter to place surplus lines in admitted insurers as in non-admitted insurers. The new rule, which has been filed in other jurisdictions and is expected to be approved countrywide, should, according to observers, lead to the placement of much of this business in admitted companies.

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Under the new rule producers may file proof with National Bureau that for a specified coverage the named risk is qualified in the state for placement of such insurance with an unauthorized insurer. The producer files also the proposed rate or premium, to which the risk consents. The bureau then approves the rate or premium in excess of that provided by the filed rate that would otherwise be applicable to the risk, and does so on the (a) rate basis. The bureau then files a copy of the pertinent information on the risk with state supervisory authorities.

National Bureau points out that the purpose of the rule is to make it possible for bureau members and subscribers to write at an appropriate premium insurance that is unacceptable to such companies or to other authorized insurers at standard rates. In submitting individual risks to National Bureau for (a) rating under the rule, insurers shall furnish such "proof", if any, as is required by the particular state statute, that the risk is qualified in the state for placement with an unauthorized insurer.

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Companies may find it to their advantage to apply this procedure in lieu of the "rates in excess of standard" provision of the statutes which requires written application by insured stating his reasons for the requested rate, according to the bureau.

The "rates in excess of standard" provision of the statutes requires a letter of consent from insured to the insurance supervisory authority on a form that is prescribed in 42 jurisdictions. The form states that insured recognizes that the proposed premium is more than the law allows. It requires the naming of the insurer and why insured wants the risk placed in that company.

Because of practical difficulties, this

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Late News Bulletins . . .

February Fire Losses Rise 7.8%

Fire losses in the U. S. in February amounted to $85,046,000, according to National Board. This was an increase of 7.8% over February, 1954, and an increase of 13% over January, 1955.

Move to Repeal Sections 452 and 462

The House ways and means committee has unanimously approved repeal of sections 452 and 462. These are the sections of the new tax law passed last year that permit reporting on an accrual basis such items as term premi-

(CONTINUED ON PAGE 44)

600 Turn Out for Cleveland Insurance Day

Cleveland Insurance Day, presenting the theme "Better Knowledge for Better Service," attracted more than 600 guests to a full program of forum discussions, as well as a luncheon and dinner and entertainment. W. Harper Annat, Ohio director of commerce, keynoted the activities with an address praising the idea back of I Day and educational meetings as giving producers a chance to become more familiar with their product. Thus the clients are given more accurate and concise information about coverages. Mr. Annat said this tends to minimize misunderstanding and confusion, and eliminate the cause of most insurance complaints.

The program included a panel on workmen's compensation presented by the CPCU chapter, an address by Kenneth Ross of Arkansas City, Kan., vice-president of National Assn. of Insurance Agents, and talks by George V. Whitford, vice-president of Fire Association; William B. Rearden, executive vice-president of Loyalty group; John N. Cosgrove, secretary of American; Thomas W. Earls of Cincinnati, president of National Assn. of Casualty & Surety Agents, and William W. Ellis, field supervisor of Aetna Casualty. M. E. Peterson, vice-president of Springfield F. & M., was ill and unable to present his talk at the property and casualty forum. His paper was read by E. E. Evans, past trustee of the Cleveland Board.

Hugh K. Dawson was general chairman of I Day, assisted by John W. Frazier and Thomas J. Oswald.

George V. Whitford, vice-president of Fire Association, in his talk entitled "Packages—Change or Progress" urged the agents to support enthusiastically the principle behind the new dwelling policies.

The concept of packaging insurance is nothing new, he remarked. It has been working efficiently for a long time. It began in the ocean inland marine field, but in recent years it has had a phenomenal growth in the fire business. For example, he noted in 1938 the stock companies wrote approximately $55 million in premiums on windstorm and separate perils now included in the extended coverage endorsement. In 1953 the same companies wrote $353 million in EC alone, an increase of 495%.

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If progress can be defined as a movement not only forward but one involving gradual betterment, Mr. Whitford said today's package policies are progressive instruments for a better way of serving the buyer. "What more significant contribution can we make to better service and competitive prices than to support enthusiastically the principle behind homeowner's policies, one policy writing operation, one typing insertion instead of six, single transmittal and collection on prepaid policies, single handling for accounting and filing purposes, a single manual containing premiums and net rates, two IBM cards to be punched in company offices instead of eight to 11 for a combination

(CONTINUED ON PAGE 41)

Three Retiring Fire Insurance Veterans of Chicago Honored

A trio of veteran Chicago fire insurance men who are retiring March 31 were guests of honor Monday at the Union League Club at a gathering conducted by a group of "old-timers" in the Cook county field. There were 35 persons on hand who have 25 years or more in the fire business in Chicago.

The guests of honor were Melvin LePitre of Fire Association, Walter Schmidt of Marsh & McLennan and Earl B. Vickery of America Fore. The idea of their contemporaries offering them a parting salute originated with J. J. Ferguson, western manager of Farmers of York, who got together with F. B. Ingeldew of North British, Joseph Cooper of America Fore and Walter M. Sheldon of W. A. Alexander & Co. agency in an informal "Cook county old-timers committee." At first it was thought there would only be a dozen at the luncheon, but the affair quickly grew to three times that.

The occasion was the first get-together in many years of such a large number of former members of the old Cook County Field Club, and it constituted an excellent excuse for taking comparative statistics and for recollections dating back to the days of the old Home Insurance building and the times when the younger insurance set played baseball at noon in La Salle street.

Mr. Sheldon acted as master of ceremonies and kept the pace lively and the tone of the meeting at the right pitch between reminiscence and friendly good humor. Mr. Sheldon is an old field man himself, and had a few experiences with Mr. LePitre and Mr. Vickery. He sketched in brief the careers of each man, noting that Mr. Vickery and Mr. Schmidt are retiring after an even 50 years with their companies, and Mr. LePitre has been with Fire Association for 46 years. All three of the men spent their entire years in Illinois.

Mr. Ingeldew called the roll of those on hand, having each one stand and give the number of years he has been in the insurance business in Cook county. This came to 1,387, an average of just over 39 years per individual.

Charles P. Tracy, Cook county special agent of New Hampshire, took the honors for the longest service, having 61 years in the insurance business. He is still active.

The person coming the longest distance to offer a send-off to the guests was L. P. Warren, who formerly was with the Associated Agencies of Chicago and now is based at Leland, Mich. Mr. Warren and Charles G. Kuechler, retired Cook county manager of North America, were asked, having had experience in retirement, to offer some words of advice to those about to move into that state. Mr. Warren approached it from the humorous side, and Mr. Kuechler had some sound comments about looking to the future.

Each of the guests of honor spoke briefly, and all of them promised to hold open house for any of those in the room who could drop by. Mr. LePitre is going to make his headquarters at Ft. Lauderdale, Fla., while Mr. Schmidt will stay in his home at Itasca and Mr. Vickery will remain in Hinsdale.

Among those who could not be on hand but sent notes of regret were Chester Hayden, retired western manager of Glens Falls, Fred Sauter, prominent agent of Chicago, and Chief Frank McAuliffe of the Fire Insurance Patrol, who was in the hospital.

Hold Second Hearing on Ohio ML Bill

COLUMBUS—The house insurance committee last week held its second hearing on the Ohio multiple line bill. Sponsors of amendments which could give superintendent of insurance rule-making powers in licensing agents and inserting an agent grandfather clause were heard. W. Harper Annat, state director of commerce, spoke in favor of the bill with rule-making amendments but without the grandfather amendment. The bulk of the insurance people are understood to favor Mr. Annat's version.

The house has scheduled a hearing this week on the bill to allow competition by private insurers with the state monopolistic workmen's compensation fund and also there is scheduled in the senate a hearing on a bill which would remove unsatisfied judgment insurance from the accident and health classification it recently was put into by the state attorney general.

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SPRINGFIELD GROUP
Insurance Premium Budget Plan
CONVENIENT FOR YOU...
No rate charts
No complicated figuring
INEXPENSIVE for your customers..
FINANCE CHARGES
1½% of the one-year premium
3% of the three-year premium
5% of the five-year premium
OUR COMPLETE BUDGET PLAN KIT WILL BE MAILED TO YOU ON REQUEST.
Springfield Group of Insurance Companies
P. O. Box 1021, Dept. N
Springfield 1, Mass.
Please send me your new Insurance Premium Budget Plan Kit.
Agent's Name
Address
City Zone State
the Springfield Group
SPRINGFIELD FIRE AND MARINE INSURANCE COMPANY • SPRINGFIELD, MASS.
NEW ENGLAND INSURANCE COMPANY • SPRINGFIELD, MASS.
MICHIGAN FIRE AND MARINE INSURANCE COMPANY • DETROIT, MICHIGAN

Senate Inquiry Into Welfare Funds Gets Underway

WASHINGTON—The Senate labor and public welfare subcommittee headed by Douglas of Illinois began hearings here this week on union welfare and pension funds with a panel discussion in which several representatives of the insurance business, of banking, of employers and of organized labor were heard, including Richard Blomquist of Marsh & McLennan; Martin E. Segal, New York consultant; G. Warield Hobbs of National City Bank, New York; Nelson Cruikshank and Lane Kirkland of AFL; Jack Barbash of CIO; Frank B. Cliffe of H. J. Heinz Co., George Faunce of Continental Baking Co. and Horace Sheldon of the Commerce & Industry Assn. of New York.

Opening the hearing, Sen. Douglas said the investigation is not intended to pillory anyone and that witnesses will not be badgered or suspected.

Mr. Cruikshank said "the main burden of our criticism against cash indemnity plans of the type offered by commercial insurance companies lies in their inherent inability to provide the worker with adequate protection, or, in fact, any real insurance against the actual charges made by doctors." He concluded by plugging for national health insurance.

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Mr. Barbash opposed establishment of a uniform standard for fund expenses. A 7% fund administrative cost may be unreasonable, he admitted, but a 2% one is unreasonable if the insurance company does most of the work.

Mr. Cruikshank said agents have been paid in some cases for doing what the insurance company contracted to do. Union officials should not be insurance agents, he said.

Mr. Sheldon recommended insurance department regulation of such funds and disclosure of pertinent data on fund operations. He recommended a code of fair practice on payment of commissions and service fees by insurers as outlined by former Superintendent A. J. Bohlinger of the New York insurance department.

State legislation is likely in New York or other industrial states before a federal regulatory program is enacted, he indicated. The problem of welfare fund corruption, abuse and maladministration is an important and substantial one which calls for a moderate measure of public information. No lasting improvement can be counted on unless certain statutory safeguards are enacted.

To avert difficulty in administration of state controls he pointed out, the precise scope of state insurance department supervision over welfare funds requires careful definition. Workable state supervision can be attained if the principle is followed of requiring every multi-state fund to designate a principal office location and be subject to regulation by that state.

The way to get at the commission problem, with its potential for corruption, short of outlawing payment of all commission, is to set up a voluntary code of fair practice. This would be prepared by the insurance department cooperating with the insurance business and others and would eradicate temptations posed by mandatory payment of commissions without seriously disrupting otherwise sound insurance practice.

Mr. Hobbs said there were comparatively few bank-administered trust funds.

Mr. Segal testified briefly and filed a lengthy statement. He opposed commingling of casualty and life funds so that casualty losses could be made up out of life funds. He favored pooling of policies for certain purposes, but not others. He recommended annual fund reports.

Mr. Kirkland of AFL declared that pension and welfare benefits are really a wage supplement and that employers should not administer them.

Propose Auto Class Plan, Higher Rates in Oklahoma

The revised 7-class plan for private passenger automobiles has been introduced in Oklahoma by National Bureau to replace the present 3-class plan in use there. Depending on approval, the plan will become effective April 27. The rate revision would increase BI and PDL an average of 19%. Revised rates for commercial cars will result in 24% increase for BI and PDL combined. Rates for automobile liability written on a payroll basis for garage risks buying broad coverage would be increased about 26%. Rate revisions would also be effective April 27.

Revised rates with a reduction of 13% for some lines of general liability have been proposed, effective May 11. Changes in burglary rates, effective June 1, were proposed for Oklahoma as part of a country wide rate revision, though the changes for that state would be only minor.

Tells House Group Revenue Provisions Should Be Retained

WASHINGTON—National Assn. of Insurance Agents reiterated its stand on the need for retaining internal revenue code provisions 452 and 462 in a hearing before the House ways and means committee. A proposal has been made in the House that the provisions be repealed.

The two sections allow business firms to apportion prepaid income over the period when it is actually earned and to set up reserves for future expenses.

Charles W. Tye, NAIA special tax counsel, pointed out that the methods of tax accounting allowed under these two sections are applicable not only to "big business" but also to small businessmen who are members of NAIA.

He concluded that any objection to the provisions can be overcome by an amendment related to the period of transition to the acounting methods provided in them.

In a telegram to Rep. Cooper, committee chairman, M. L. Seidman, chairman of the tax committee of New York Board of Trade, registered the board's opposition to the proposed repeal of the two provisions.

Predicts Passage of Most Big Reform Bills in Texas

DALLAS—A major portion of the insurance reform legislation in Texas as sponsored by the domestic capital stock companies will pass, Vernon Coe, insurance attorney, said at a meeting of Dallas Assn. of Insurance Agents.

The bill to increase capital and surplus requirements up to $500,000 for multiple line operations is "now gathering support" after having been sidetracked as a big company monopoly proposal, Mr. Coe said. He indicated that some concession might have to be made in the amounts specified, and in the number of years given to smaller companies to comply, but most of the other provisions, including one to broaden the powers of the board of commissioners, are generally approved. The bill has already passed the senate.

Favorable action is also expected on three other measures, Mr. Coe added, including a bill placing insurance company examinations under the entire board, with more frequent examinations of new companies and biennial examinations of those in business for a longer time. Another concerns the sale of insurance securities, with the board given the power to approve or disapprove stock offerings. The third measure would offer appeals to the court from board rules on policy forms and rates.

Boehner Cook County Loss Bureau Manager

J. F. Boehner who recently resigned from Western Adjustment to become acting manager of Cook County Loss Adjustment Bureau, Chicago, has been named manager to succeed A. Ben Jones who has resigned because of health reasons. Assistant Manager Gordon L. Ingelbritson has also resigned.

Mr. Boehner began with Western at Chicago 19 years ago and was at various times located in Indiana, Missouri and Minnesota, subsequently returning to Chicago, where he was most recently regional supervisor for the Chicago metropolitan area.

Mr. Jones was also with Western for a number of years and at one time was manager at St. Louis. Following that he was for a time with the Lawton-Byrne-Brunner agency there, coming to Chicago in 1949 as manager of the Cook county bureau to succeed Clark J. Munn who had been manager for 25 years.

Mr. Ingelbritson was with the bureau for about two years. He was with Western Adjustment for several years and after that National Board. He came to the bureau from an independent loss adjusting firm in Michigan.

N. C. Cancellation Bills Move, New One on Credit

The North Carolina bill which sharply curtails the power of insurers to cancel or fail to renew A&H policies, has been approved by the house insurance committee, which also approved a bill to bring Blue Cross under the same restrictions.

The measure requires the insurer to give written notice for periods ranging from 30 days on a one-year-old policy to two years on a policy in effect for nine years before cancelling.

The committee strongly favored the bills and the house is expected to approve them.

Another bill would eliminate credit A&H insurance and prohibit the sale of credit life unless the loan was for $100 or more. Loan agencies could sell credit life on loans of $100 or more, but the cover could not exceed the loan, premiums could not exceed those allowed by law, and borrowers would have to be furnished with a policy within 30 days after the loan was made.

U.S.F.&G. Promotes Several Executives

A number of promotions have been made by U. S. F. & G.

Hugh D. Combs, executive vice-president, was elected senior executive vice-president. J. Harry Bibby, Frank F. Dorsey, Walter J. Jeffery and William E. Pullen, vice-presidents, were elected executive vice-presidents.

John D. Williams, vice-president, was elected vice-president-assistant secretary. In addition to his duties this year as head of the fidelity-judicial department, he will take over some of the secretarial work of Clarke J. Fitzpatrick, vice-president-secretary, who plans to retire in April next year.

C. B. Gamble, vice-president, was elected vice-president and agency director, and assistant vice-presidents Sam G. Browning, Herbert R. Preston and Hugh E. Richeson were elected vice-presidents. Mr. Browning becomes director of fire and marine lines, Mr. Preston casualty director, and Mr. Richeson claims director.

H. Williford Gragg, assistant agency director, was elected assistant vice-president and associate agency director and C. Brooks Holley, assistant superintendent, was elected assistant vice-president and superintendent of compensation and liability. Edgar F. Muller, statistician, was promoted to assistant vice-president.


J. H. Bibby


H. D. Combs

Richard H. Bland Jr., who has been in charge of educational activities, including the company's school of insurance, was elected assistant secretary.

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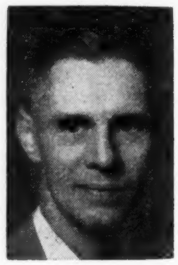
Others promoted included George Gross, assistant treasurer, Joseph P. Kircher, auditor and Harold S. Higgins, cashier.

Mr. Combs had been in charge of claims and losses since 1932, when he transferred from New York to Baltimore and was elected a vice-president. He became a claims investigator in the New York office in 1916 and in 1923 was promoted to New York general claims superintendent. He was elected an executive vice-president in 1948 and is a director.

Mr. Bibby began as an underwriter with Maryland Casualty and thereafter joined U. S. F. & G.'s burglary department. From 1924 to 1926 he was an underwriter in the home office, later becoming casualty superintendent in Atlanta and Richmond. He returned to Baltimore in 1932 and was appointed assistant director of casualty in 1936. In 1947 he was elected vice-president and in 1952 given the additional title of casualty director.


W. J. Jeffery


F. F. Dorsey

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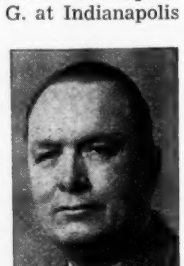
Mr. Dorsey started as automobile insurance underwriter with Maryland Motor Car Ins. Co. On organization of Fidelity & Guaranty he was elected assistant secretary, becoming secretary in 1931. He was elected vice-president and secretary in 1940 and in 1952 vice-president of the U. S. F. & G. in charge of fire and marine lines.

Mr. Jeffery joined U. S. F. & G. at Chicago in 1929, where he was successively resident secretary and assistant manager. He was promoted to manager in 1950 and in 1952 transferred to New York as vice-president and manager.

Mr. Pullen joined the Indianapolis office of U. S. F. & G. at Indianapolis in 1926. He went to Baltimore in 1934 as assistant to the vice-president in charge of claims. After army services he returned to the company and was elected vice-president-agency director in 1947.


C. B. Gamble


W. E. Pullen

Mr. Williams has been vice-president in charge of the fidelity-judicial department since 1941 and with the company since 1925.

Mr. Browning became a special agent of Fidelity & Guaranty in 1936 and was successively state manager, assistant secretary, and secretary in charge of the southern department. After the merger of the F. & G. with U. S. F. & G. he became assistant agency director

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Mr. Gamble was the first employe of F. & G. having been elected assistant secretary in 1928. Later he became vice-president. After the merger he was elected vice-president and associate director in the agency department. Mr. Preston joined U. S. F. & G. as an underwriter in 1930. He was elected assistant secretary in 1949 and assistant vice-president in 1951.

Mr. Richeson was employed as a claim adjuster at St. Louis, thereafter serving in Cincinnati, Philadelphia, and New York. In 1949 he became Detroit claim superintendent. In 1950 he transferred to the home office and in 1951 was elected assistant vice-president.

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Mr. Gragg joined the company in 1937 as a claim adjuster at Memphis, and later was assigned to Tulsa. He became special agent there in 1949, and in 1951 went to Oklahoma City as assistant manager. He transferred to Baltimore in 1953.

Mr. Holley started in the safety engineering department in 1935 and became casualty superintendent at Kansas City in 1946. He transferred to Baltimore as compensation and liability assistant superintendent in 1950.

Mr. Muller has been with the company since 1911, promoted to supervisor in 1915, assistant superintendent of the statistical department in 1936, and statistician in 1948.

Mr. Bland joined in 1930 and did underwriting and agency work for F. & G. After its merger he entered the agency development department and since 1954 has been in charge of educational activities.

Mr. Gross joined as bookkeeper in 1919 and thereafter was successively supervisor, assistant cashier and cashier.

Mr. Kircher joined the company in 1950 as an internal auditor.

Mr. Higgins started in 1951 as a field accountant. He was auditor in the Portland, Me. office 1951 to 1954, and then transferred to Baltimore.

Franklin General Buys Firemen & Mechanics

INDIANAPOLIS—Franklin General has purchased Firemen & Mechanics of Fort Wayne, and by May 1 the home office of Firemen & Mechanics will be transferred to Indianapolis.

An investment company to finance insurance premiums on a monthly payment plan was announced recently by Franklin General, and this organization, known as General Management Investment Corp., owns 51% of Franklin General stock and has stock sales of more than $400,000 pledged. General Management Investment will finance premiums for both Franklin General and Firemen & Mechanics.

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The new official line-up of Firemen & Mechanics is comprised of Joseph B. Kyle as president (also president and director of General Management Investment); F. Shirley Wilcox, secretary-treasurer; Cleon H. Foust as assistant secretary-treasurer, and C. Warren Day as manager. Messrs. Wilcox and Foust are directors of G.M.I.C., and Mr. Day is president of Franklin General. The directors of F. & M. are Gregory Sult, Paul Sult, Jr., (both former officers of the company) and Fred F. Schutz.

Franklin General has as officers Mr. Day as president; Frank J. Viehmann as treasurer, and Harold V. Whitelock is secretary. Mr. Viehmann is a former Indiana commissioner.

Franklin General and Firemen & Mechanics are charter companies. Mr. Day became president of the former in 1946. Messrs, Kyle, Wilcox and Foust are well known in political circles in Indiana.

Self Insurance Discussed

New York chapter of National Insurance Buyers Assn. heard Arthur Macaulay, insurance advisers, discuss self insurance at a meeting in New York City.

Anderson Against Trade Confab With FTC on A&H Ads

B. M. Anderson, vice-president and counsel of Connecticut General Life, told the A&H meeting of LIAMA in Chicago last week that he strongly opposes a trade practice conference on A&H advertising between the federal trade commission and A&H insurers.

Stressing he was speaking as an individual and not as head of the Joint Committee on Health Insurance task force studying regulation and self-regulation, Mr. Anderson declared "We should not enter into accommodations with Washington which may serve to undermine state supervision merely for sake of expediency". He indicated it was his view such a conference could be the first step toward federal regulation of insurance.

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A trade practice conference is supported by some industry quarters as a way of averting bad publicity resulting from further FTC complaints and hearings, and particularly as a way of heading off a possible revision of public law 15 should litigation result in a defeat for FTC on jurisdictional grounds.

Mr. Anderson said he is appreciative of the "unfortunate situation" of those companies cited by FTC, but he still does not believe the remedy lies in a trade practice conference. Instead, he said those interested in state supervision should continue efforts to improve it.

There is a desire among some federal officials and congressmen for at least partial federal regulation of insurance, according to Mr. Anderson. He said dividing regulatory responsibilities on federal and state levels would lead to "impossible conflict".

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Though opposing federal regulation, Mr. Anderson stressed he does not condone some of the practices in the A&H field. However, he added these practices should be corrected under state supervision and "the fact is they are being corrected now." He noted that many state legislatures currently are considering measures affecting A&H.

Mr. Anderson termed as "greatly magnified" the problem of public complaints about A&H, referring to actual studies by commissioners and his own subcommittee as proof. He said complaints and inquiries made to independent sources about A&H fell off 50% between the first and last quarter of 1954.

$400,000 Hull Loss Mo. Convair Crash

The American Airlines Convair traveling from Newark to Tulsa which crashed in a field near Springfield, Mo., causing the death of 12 persons and injuring 23, was insured by Associated Aviation Underwriters. Hull loss was $400,000, total value of the plane.

The tort death limit in Missouri is $15,000.

West American Plans to Increase Its Capital

West American of Los Angeles, which is almost wholly owned by Ohio Casualty, has applied to the California department for a permit to sell 45,000 shares of its $10 par stock to present stockholders. Capital would be increased from $700,000 to $1½ million.

Examination Report on National Bureau Urges Merit Rating, Theft Rate Reduction

NEW YORK—The state insurance department has completed an examination of National Bureau. The 350 page report covers in detail the operation of the rating organization, and Examiners Harold Rothbart and Abraham Silver include in it a number of recommendations covering the bureau in general and its five divisions. As has become customary, the insurance department gave the bureau the opportunity to comment on the recommendations, and these comments are contained in the report.

Among the recommendations is—development of more responsive rating methods to reward the careful driver, the finding of a means to ease the present restricted market by making placement of automobile insurance more easily available through normal company channels, a reduction in indirect damage rates in boiler and machinery, immediate revision of residence theft rates with substantial reductions for some territories on inside theft, adoption of a system for elevator inspection similar to plate glass inspection service, and possible reduction of the production allowance of 35% on New York glass risks to the countrywide allowance of 30%.

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The examination report deals at some length with the problem of multiple line underwriting that confronts the bureau. This has been of increasing concern to the bureau and has been presented in one form or another in deliberations of its executive committee, bureau membership, and subcommittees, the report notes.

While multiple peril underwriting powers have been accorded to companies in 47 states and District of Columbia, the rating laws have not been revised to consider package policies as separate and distinct for rating purposes, the report states.

Of prime importance to the bureau and to the various state departments as well is whether a multiple line policy, filed by a rating organization or direct by an insurer, written at an indivisible premium, can be considered a new form of insurance and therefore not subject to existing filed rates and rating plans, or whether its component parts should be rated by present conventional methods.

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Though some states appear to have resolved this question by authorizing a new multiple peril rating organization or accepting the direct filings of insurers, on the ground of broad insuring powers contained in its insurance statutes or by liberal interpretation of the law, many problems arising in connection with the multiple line policy will require solution. Some of these questions, the examination report states, are:

1. The reporting of statistics, particularly on an indivisible premium all risk policy.

2. The inclusion of such statistics, properly allocated, with the total statistics of the respective bureaus to determine basic rates.

3. The multiplicity of possible combinations of coverage.

4. The difficulties of coverage and underwriting engendered by the combination of property and third party liability coverages at an indivisible premium.

5. The allocation of premium between statutory fire reserves and schedule P reserves.

6. The allocation of expenses.

7. The overlapping of jurisdiction between rating organizations.

8. The matter of discount to be applied to a package policy.

Inasmuch as the bureau up to the present has not attempted to rate the non-casualty lines when written in combination with bureau coverages, most of the problems mentioned are not applicable immediately.

However, some problems the bureau may be called on to resolve even in the early stages of multiple line development are:

1. The discount to be applied to a package policy, where casualty and non-casualty lines are included. This would vary with the different types of such policies.

2. Coordination in the underwriting of property and third party liability coverages in one contract, particularly, with reference to the amounts of coverage required, the term of the policy, insurance to value on property exposures, reinsurance, etc.

3. The multiplicity of possible combinations of coverage. As the number of combinations increase, how long will the bureau be content not to increase its powers and under what conditions will it cooperate with the other rating organizations?

Of immediate concern to the bureau is overlapping of jurisdiction where coverages under the supervision of two or more rating organizations are writ-

(CONTINUED ON PAGE 20)

XUM

General Re Group Assets, Surplus, Premiums Increase

General Reinsurance group assets increased from $99,117,844 to $109,657,-935 in 1954 and policyholders' surplus increased by $6,734,379 to $34,-246,845, Chairman Edward G. Lowry Jr. reported to stockholders.

Edward G. Lowry Jr.

Premiums written amounted to $37,343,611, compared with $34,-741,303.

The group's net investment income before taxes was $2,592,832, against $2,435,095. Federal income taxes incurred amounted to $2,015,270, against $1,945,604.

Despite claims of approximately $1,-325,000 arising from the hurricanes, the group had a composite underwriting ratio of 93.89%, against 93.99% in 1953. Statutory underwriting profit was $1,740,185 after absorbing an increase in unearned premium reserve of $1,094,756, against $2,023,109 in 1953 after an increase in unearned premium reserve of $134,173.

The casualty lines written by General Re showed a substantial improvement over 1953, the composite underwriting ratio being 88.55% against 93.20%. North Star Re, adversely affected by hurricane losses, showed a composite underwriting ratio of 101.-98% against 95.32%.

Petition Asks Review of OK for New Company

Six certificate holders of Hospital Association of Tarboro have filed a petition in Wake county, N. C., superior court asking for a judicial review of Commissioner Gold's order permitting the organization to convert into a stock A&H company.

The petitioners contend that the plan of conversion does not adequately protect the rights of the certificate holders in a surplus and reserve fund amounting to $140,000.

IM Agents Told to Include All Dealers' Policies in Plans

Inland marine agents should expand their thinking to include all dealers' policies and not just those that cover property that will in their ultimate use, come under the IM category, Paul K. Mullen, secretary of National Union said before the inland marine forum at Pittsburgh I-Day.

All the property insured in the dealers' forms—camera and musical instrument, equipment, fine arts, furriers block and jewelers' block—has been specifically insured in the hands of the ultimate user under an IM policy. If this property, while in use, could be insured under a marine form against all physical loss, a broad flexible form of coverage should be provided while the property is held by the dealer, he said.

There is a degree of in-and-out exposure as well as a seasonal fluctuation of values on such properties which qualifies them for a reporting form of cover. Dealers also all have the need for transportation insurance, coverage on property of others in their care and custody, exposures away from the main premises, and, in several of the classes, a high degree of exposure on property in the hands of salesmen. On this basis it seems proper that these risks have been classified as IM in the new definition.

Not all of the property at risk falls in the named classification of the dealers' policy. Most of the forms apply where the stock "consists principally" of that to which the policy name applies.

The word "principally" has been defined as meaning "predominantly" and not signifying an amount barely in excess of 50%, he said. For instance, a camera dealer's stock consists of cameras and their accessories and other unrelated merchandise. The value of the cameras and accessories represents 80% of the annual average values of the entire stock. A camera dealers' policy issued to such a dealer would unquestionably fall within the IM classification under the nation-wide marine definition.

If the risk meets this qualification, then all the property at risk can be insured under the dealers form, either under the wording of the basic policy, or by specific policy extension, as in the case of the equipment dealers policy, where by rider, coverage can be provided on incidental stock handled for sale, providing the value of the incidental stock is not in excess of 15% of the property otherwise insured. This practice of insuring all stock where the risk otherwise qualifies follows the precedent established years ago with the jewelers' block class.

In reality, all the dealers policies have, for the most part, followed the verbiage of the jewelers' block not only as to the hazards insured, but also as to the exclusion applicable. The exclusions vary to some extent, but they all exclude unexplained loss, mysterious disappearance, or shortage disclosed in inventory, conversion or infidelity on the part of the person to whom the property is entrusted, with some variation as to the unattended vehicle exclusion.

The unattended vehicle exclusion, it has been found, is not often fully explained to insured. It is only after a loss that it is realized that no coverage is provided under the policy on property in an unattended vehicle, and it is generally considered that attendance means that there must be a person in the vehicle at all times.

The policies are written on an all physical loss basis and the various hazards falling in this category would include fire and EC, safe burglary, shop lifting, premises holdup, holdup off the premises, damage or loss to salesmen's samples, loss or damage occuring while in transit, water damage, and, by specific endorsement, flood. Agents should also know the policy exclusions and bring them specifically to the attention of their clients.

Block thinking may expand to include the personal property floater and in the future many other forms which may be issued under IM where all personal property is insured in one contract for all insurable hazards. This type of policy, now available in the dwelling field, is available, to a degree, in other classes of mercantile risks and may extend to all in-and-out exposure classes, Mr. Mullen said.

McNamara To Head Office Security Mutual Casualty

Edward N. McNamara, manager of the New York office of Security Mutual Casualty of Chicago, has been named head of the underwriting department and transferred to the home office.

Mr. McNamara began with Security Mutual in 1928, and since 1938 has been in charge of the eastern department. He is a past president of New York Claim Assn.

Succeeding Mr. McNamara as manager at New York is Mr. Robert H. Capelle, who has been assistant there for several years.

Corroon & Reynolds Group's Premiums, Assets, Surplus Up

Consolidated assets of Corroon & Reynolds group at the end of 1954 totaled $79,770,889, compared with $69,676,052 in 1953. Policyholders' surplus totaled $34,056,522, an increase of $8,261,137. Premiums written totaled $32,004,555, against $30,635,478.

American Equitable reported assets of $37,128,506; surplus to policyholders of $14,846,911, an increase of $3,566,825 and written premiums of $15,362,186 for 1954, against $14,705,030.

Assets of New York Fire were $18,834,721 at year end; policyholders' surplus was $8,891,417, an increase of $2,329,993, and premiums written in 1954 totaled $7,041,002, compared with $6,739,805.

Globe & Republic reported assets totaling $13,868,338 at year end and surplus to policyholders of $5,778,804, an increase of $1,317,521. Premiums written amounted to $5,760,820, against $5,514,386.

Merchants & Manufacturers assets totaled $9,939,323 and policyholders' surplus was $4,539,390 at year end, an increase of $1,046,798. Premiums written amounted to $3,840,547, against $3,676,257.

Wolverine to Enter Fire Field April 15

Wolverine of Battle Creek on April 15 will enter the fire business. The new fire unit will be headed by Lee Swanson, who has been with Tri-State Fire of Tulsa, assisted by Ralph Dixon, who has been with Phoenix of London.


Lee Swanson

In entering the fire field, Wolverine now becomes a a completely multiple line group. It has an affiliate, Federal Life & Casualty, that does a life and A&H business, and in the last several years Wolverine has been expanding from an automobile specialty company to a full-line casualty insurer.

Mr. Swanson started his insurance career with Grain Dealers Mutual of Indianapolis at Omaha, becoming manager of the general business department in 1946. He joined United Benefit Fire to organize the fire department and became chief underwriter, and in 1950 he went into the general agency field. He joined Tri-State in 1952, and was named assistant secretary and manager of the fire department for the Tri-State group.

Mr. Dixon, a graduate of Illinois Tech in fire prevention engineering, was with Missouri Inspection Bureau until joining Marsh & McLennan in 1942 at Chicago. In 1946 he went with Boston as Michigan state agent, and in 1949 became state agent in Michigan for Fire Association. He opened his own agency and in 1952 joined Phoenix of London as Wisconson state agent. He joined Wolverine in January.

Jean Mitchell, president, and Mrs. Edna Eagar, chairman of arrangements, conducted the 10th anniversary bosses night of *Montgomery (Ala.) Insurance Women's Club.* Geraldine Garrett, a past president, spoke.

Homeowners to Be Available to Most Insurers

The executive comittee of Inter-Regional Insurance Conference has approved the proposal that Inter-Regional recommend to the regional organizations for recommendation to the fire rating bureaus over the country the filing of the home owners policies A, B and C on behalf of member and subscriber companies of fire rating organizations that ask for it.

Previously Inland Marine Insurance Bureau had voted to file the homeowners policies for member and subscriber companies asking for it, as had National Bureau of Casualty Underwriters.

The governing committee of Interbureau Insurance Advisory Group which has the comprehensive dwelling policy, and which recommends filings to fire rating organizations, National Bureau and Inland Marine Insurance Bureau, already had authorized manager Harry F. Perlet to implement the homeowners filings through local fire rating bureaus and had authorized Interbureau to act as service organization in the distribution of supplies to companies, the compiling of statistics, etc.

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The homeowners will be filed as package policies, as they are filed by Multiple Peril Insurance Rating Org. The homeowners has an indivisible premium, and there will be no breakdown of the premium in filing. However, losses will be segregated by line and premiums will be so treated in the aggregate at year end, for premium tax and statistical purposes.

The idea of making available the homeowners policies to members and subscribers of the fire rating bureaus, National Bureau and IMIB, has been discussed for some time. It is pointed out that the comprehensive dwelling policy of Interbureau can be used by the companies that write the homeowners, since the CDP is filed for the members and subscribers of the fire rating bureaus, National Bureau, and IMIB.

No Information, No Cover in Fire Loss, No Fault of Agent, Court Rules

Spokane superior court has decided in favor of Lloyd Hahn, Spokane local agent, in a suit for $3,500 brought against him by the Northwest Smelter & Refinery of Spokane for a fire loss, which the plaintiff contended Hahn had negligently failed to cover.

The court ruled that Hahn had complied with an agreement to cover the firm's Spokane locations by issuing binders for a 30-day period. Since Northwest Smelter & Refinery failed to provide information necessary for the issuance of a policy and had been advised by Hahn that coverage could not be issued without the information, the court held that coverage was not issued as a result of plaintiff's failure to supply necessary details.

The *Huggins agency* of Coos Bay, Ore., has purchased the W. R. McDonald agency of Portland and will continue to operate it under the same name. Robert Thompson will manage the McDonald agency. He is owner with George Huggins and Charles H. Huggins of the Huggins agency. The three now have seven offices in Oregon.

Seaboard Surety Net Income Shows Increase in 1954

Assets of Seaboard Surety rose from $19,236,170 to $22,005,824 in 1954, while surplus to policyholders climbed from $9,643,518 to $11,683,779 at year end, President Robert W. Watt has reported to stockholders.

Robert W. Watt

Premiums written amounted to $5,886,732 against $5,895,284 and premiums earned totaled $5,761,779 compared with $5,220,610. Ratio of operating expenses to premiums written was 41.5% against 40.3% while ratio of losses and loss expenses to premiums earned was 35.4%, compared with 44.4%.

Income from underwriting, investments and sales of securities before federal income taxes was $1,642,146 in 1954 against $779,059. Income after federal income taxes was $989,489, against $536,726.

Forty-six per cent of the company's employes participated in its profit sharing plan which became effective Jan. 1, 1954.

Card Set for N. Y. Mutual Agents Parley

New York Assn. of Mutual Agents will hold its annual convention April 18-19 at Syracuse. The keynote address will be given by Ivy Baker Priest, treasurer of the U. S. and a special program on the future of insurance has been designed utilizing long distance telephone conversations with outstanding insurance men throughout the nation.

Speakers invited to take part in this telephone presentation are James S. Kemper of Kemper group, Gov. Harriman of New York, James C. O'Connor, editor of *Fire, Casualty & Surety Bulletins* of National Underwriter Co., J. F. Montgomery, president of National Assn. of Mutual Agents and Jackson, Miss., agent, Commissioner Holz of New York, and Claude P. Coates, Fort Worth agent.

Herbert Strong of Jamestown Mutual, Charles R. Kroeger, Norwich, N. Y. agent, C. S. Rosensweig, editor of *Insurance Advocate*, Philip L. Baldwin, executive secretary of NAMIA, and De Loss Walker of Chicago, will also speak.

Topics to be covered at the convention include how to reduce fire rates, mechanics of new auto rates, how fleets are rated, compensation experience rating, comprehensive dwelling policy, homeowners' A and B, farmers' liability, farmers' livestock and machinery floaters, inland marine personal coverages, insurance for the small storekeeper and bookkeeping machines for agents.

Harry Newell Retiring

Harry E. Newell, assistant chief engineer of National Board, is retiring after 45 years of service. While with National Board he was responsible for many accomplishments in the development of various standards such as those having to do with flammable liquids, gases, house piping for city gas and installation requirements for liquefied petroleum gases.

He is an honorary life member of American Society of Civil Engineers and life member of National Fire Protection Assn. and Liquefied Petroleum Gas Assn.

Texas 1752 Club Elects

John A. McNutt was elected president of the Texas 1752 club at the annual meeting at Dallas. James S. Kent, vice-president and treasurer, is the other new officer.

Prather Named at Erie, Pa.

Gene Prather has been named general agent at Erie, Pa., for Mutual Benefit H.&A. He has been eastern regional director since 1953.

Asks Self-Discipline in Meeting FTC

The federal government is taking its first major steps into the health field and the insurance business must exercise statesmanship and self-discipline to solve the problems, Robert R. Neal, resident counsel of Bureau of A&H Underwriters and H&A Underwriters Conference, told LIAMA's A&H meeting in Chicago.

Congressional inquiries into A&H insurance, the FTC probe into A&H advertising, and introduction of the reinsurance bill are disturbing to a business favoring state supervision, Mr. Neal said. If the government viewpoint prevails that the FTC has jurisdiction over A&H advertising, the companies will know no more than they do now about the bounds within which to conduct advertising programs. Although ends sought by the administration in introducing the reinsurance bill are laudable, he said the question is whether the ends sought can be obtained through the proposed means.

Maine EC Figures Show Heavy Losses from Hurricanes

Shown below are the extended coverage net premiums written by companies operating in Maine during 1954 and the losses incurred. Hurricanes Carol and Edna caused extensive EC losses to insurers.

	Premiums Written $	Losses Incurred $
STOCK FIRE		
Aetna Fire	28,877	89,076
Affiliated FM	3,829	9,677
Agricultural	8,066	24,476
Albany	1,548	4,838
Amer. Auto Fire	9	——
Amer. Central	2,779	6,117
Amer. Druggists	107	——
Amer. Eagle	1,986	17,136
Amer. Equitable	6,540	17,473
Amer. & Foreign	2,716	4,742
Amer. Home	1,235	4,341
Amer., N. J.	12,874	37,228
Amer. Union	7,739	30,312
Automobile	5,747	21,718
Bankers & Shippers	—9	60
Boston	21,032	63,156
Buffalo	2,263	4,919
Caledonian-Amer.	427	828
California	493	542
Calvert Fire	——	——
Camden	6,433	29,560
Centennial	7,503	15,604
Church Fire	142	954
Citizens, N. J.	4,768	12,054
Columbia	2,442	9,563
Commercial Union	1,092	4,255
Commonwealth	4,863	13,262
Conn. Fire	6,272	10,832
Continental	14,657	40,557
Eagle Fire	834	3,949
Empire State	1,021	3,387
Employers Fire	8,596	20,211
Equitable F.&M.	4,276	11,196
Eureka-Security	35	——
Federal	2,742	9,309
Fidelity-Phenix	7,072	61,349
Fire Association	12,367	34,513
Fire & Casualty	896	2,819
Fireman's Fund	48,509	106,031
Firemen's, Newark	9,956	44,832
Franklin National	1,406	2,751
Fulton	——	——
Girard	2,812	20,032
Glens Falls	5,626	31,247
Granite State	23,230	86,583
Great Amer.	18,919	83,521
Hanover	12,108	32,787
Hartford Fire	35,073	78,279
Home F.&M.	——	——
Home, N. Y.	56,468	123,895
Homeland	886	1,671
Industrial	309	2,117
North America	25,413	63,108
State of Pa.	998	1,846
Kansas City F.&M.	50	94
Manhattan F.&M.	1,403	2,969
Massachusetts F.&M.	6,421	10,675
Mercantile	3,204	8,329
Mercury	689	1,903
Michigan F.&M.	1,671	2,985
Milwaukee	6,377	15,604
Monarch	380	994
National Ben Franklin	12,145	16,183
National	17,688	58,761
National Grange	2,312	9,387
National Union	8,906	19,686
Newark	3,454	10,465
New England	745	3,978
New Hampshire	20,823	53,053
N. Y. Underwriters	10,620	26,950
Niagara	3,967	26,548
North River	3,338	15,214
Northern of N. Y.	1,656	4,856
Northwestern F.&M.	3,110	5,213
Old Colony	8,065	23,422
Pacific Fire	1,110	2,460
Pacific National	504	118
Patriotic	1,684	5,341
Pennsylvania Fire	6,256	27,317
Philadelphia F.&M.	3,475	6,632
Phoenix of Hartford	23,805	62,886
Planet	177	1,721
Prov. Wash.	16,470	38,771
Provident Fire	1,774	6,281
Quaker City F.&M.	87	450
Queen	11,597	33,094
Reliance	5,031	10,882
Rochester Amer.	2,679	8,249
Security	2,310	9,735
Springfield F.&M.	17,079	35,238
Standard, Hartford	2,665	12,902
Standard, N. Y.	2,712	9,147
Star	3,180	14,149
Stuyvesant	——	——
Sun Underwriters	622	2,910
St. Paul F.&M.	8,470	30,379
Transcontinental	1,257	2,846
Travelers Fire	23,501	37,473
Twin City	1,762	1,244
United Benefit Fire	406	350
United Firemens	1,210	3,790
U. S. Fire	7,533	20,312
Westchester	6,151	21,161
World F.&M.	4,081	8,906
MUTUAL FIRE		
Abington	3,270	753
Allied American	509	13,130
Amer. Manufacturers	7,592	5,041
Amer. Merchants	1,861	9,949
Atlantic Mutual	1,661	1,296
Assoc. Merchants	2	——
Berkshire	12,416	36,109
Cambridge	5,333	14,097
Central, Ohio	7,436	15,566
Dorchester	2,902	8,375
Empl. Mut. Fire, Wis.	19	——
Federal Mutual	4,544	15,714
Federated Mut. I.&H.	3	——
Fitchburg	5,820	7,461
Grain Dealers	3,107	9,134
Hardware Dealers, Wis.	4,193	12,541
Hardware, Minn.	1,614	1,638
Holyoke	7,514	13,508
Ind. Lumbermens	16	——
Liberty Mutual Fire	10,654	33,156
Lowell	2,109	9,270
Lumber, Mass.	5,256	6,003
Lumbermen's, Ohio	——	——
Lynn	1,936	4,484
Mfrs. & Merch.	3,889	14,755
Mfrs. Mut. Fire	—125	—136
Merch. & Farmers	1,230	3,605
Merrimack	15,999	44,476
Michigan Millers	4,470	16,124
Middlesex	7,742	17,937
Millers, Pa.	178	83
Millers, Ill.	27	21
Mill Owners, Ia.	7,980	13,785
Norfolk & Dedham	10,033	25,644
Northwestern	3,571	18,158
Pawtucket	7,779	7,883
Pa. Lumbermens	3,622	3,022
Phenix, N. H.	2,593	9,837
Providence Mut.	3,640	12,768
Quincy	21,047	28,743
Traders & Mechanics	6,022	17,463
Union, R. I.	1,214	3,181
Vermont Mut.	17,178	44,957
Worcester	13,198	37,197
ALIEN COMPANIES		
Atlas	2,719	8,248
British America	—4	63
Caledonian	1,633	7,669
Century	333	20
Commercial Union	2,896	18,594
Law Union & Rock	——	——
L. & L. & G.	9,525	38,921
London Assurance	3,236	16,071
London & Lancashire	——	——
London & Scottish	81	——
North British	10,359	36,350
Northern, London	3,238	9,258
Norwich Union	2,335	7,663
Palatine	1,228	4,255
Pearl	728	931
Phoenix, London	4,587	22,795
Royal Exchange	3,654	7,723
Royal	16,940	49,128
Scottish Union	5,302	13,620
Sea	3,743	3,753
Sun	2,300	5,121
Union of Canton	254	731
State, England	——	——
Western, Canada	9	110
RECIPROCALS		
Affiliated Unds.	51	——
Amer. Exchange	281	359
Canners Exchange	1,216	300
Fireproof-Sprinklered	125	159
Individual Unds.	468	598
Metropolitan Int.-Ins.	281	359
N. Y. Recip. Unds.	405	518
Warner Recip.	368	716
CASUALTY COMPANIES		
Allstate	1,399	103
Amer. Employers	2,099	355
Amer. Motorists	71	250
Amer. Mut. Liab.	——	—1
Commercial	—2	——
Connecticut Indem.	2,851	14,187
Employers Liab.	2,185	590
Farm Bureau, N. H.	612	517
General Accident	3	54
Liberty Mutual	1,294	625
Lumbermens Mut. Cas.	—5	500
Maine Bonding	4,941	25,817
Maryland Cas.	472	675
Metropolitan Cas.	3	——
No. Am. C.&S. Re.	1	5
Peerless Cas.	2,138	6,591
Security Mut. Cas.	29	——
U. S. Casualty	43	——
U. S. F. & G.	8,563	13,898

Investment Role in Fire, Casualty Insurer Strength

An excellent small volume presenting the basic elements in the "Investment Policies of Fire and Casualty Insurance Companies" has been published by Wood, Struthers, & Co., New York, written by a member of that organization, J. W. Middendorf 2nd.

Mr. Middendorf treats in detail the investment objectives of the fire and casualty companies. Investment managers have generally made it a policy to cover business liabilities with so called liquid assets, he notes, and then invest the policyholders' surplus in a balanced list of bonds, preferred and common stocks. More than half of assets are in various types of bonds, 5 or 6% go into preferred stocks, and about 25% into common stocks.

Mr. Middendorf notes the differences in investment philosophy between companies of substantially equal strength. He observes that insurers generally spread their investment in preferred and common stocks over a wide range of American industry, limiting the commitment in any one company to a very small portion of total assets.

Investment income, he states, has been a remarkably stable source of insurance company earnings, far exceeding underwriting profits over the last 40 years, during which several periods have been unprofitable. The policy of paying dividends out of investment income has been a beneficial one to stockholders to date.

He comments on the rise of holdings by insurance companies of municipals that have come on the market in recent years at excellent yields. Preferred stock also has been held in large quantities, especially where quality is high enough to make the only practical risk a money market risk. Some companies have taken advantage of excellent yields on common stocks in utility, food and bank shares, while devoting an equal portion to lower yielding situations such as oils and chemicals with greater apparent growth potential.

As a class of investors, insurers have not emphasized appreciation to any marked degree. There are some outstanding exceptions. For example, North America has been extremely successful in building capital strength through appreciation in its portfolio. In the 1930s it bought heavily in deferred asset industries such as oils and metal shares and at the end of 1953 had $108 million of unrealized appreciation in its common stock position. This gain amounted to 40% of its policyholders' surplus. Firemen's of Newark has followed a similar policy and has had extraordinary results also, to the tremendous enhancement of policyholders' surplus.

Mr. Middendorf thinks the most important influence on the investment objectives of insurers is the amount of insurance exposure assumed in relation to policyholders' surplus. With a maximum of insurance exposure, as a general rule management will want to keep the invested assets as nonfluctuating as possible and will seek a minimum of investment exposure. Mr. Middendorf uses premiums earned to policyholders' surplus as the best

(CONTINUED ON PAGE 80)

Prudential, Skandia, Hudson Group Shows Good Gains in 1954

An all-time high in all phases of the Prudential-Skandia-Hudson group operations in 1954 has been reported by J. A. Munro, president of Prudential and Hudson and U. S. manager for Skandia.

J. A. Munro

Combined group assets at year end totaled $26,894,492, an increase of $2,712,389. Policyholders' surplus amounted to $11,810,198, an increase of $1,742,847, and total premiums written for the year amounted to $10,381,308.

Assets of Prudential were $12,564,482, Skandia $10,728,817 and Hudson $3,601,193.

Policyholders' surplus for Prudential was $4,940,183, for Skandia $4,779,420, and Hudson $2,090,596.

Net premiums written amounted to $5,190,654 for Prudential, $4,152,523 for Skandia and $1,038,131 for Hudson.

The combined underwriting results for 1954 produced an earned loss ratio of 57.8%, which reflects the effect of the hurricanes. The written expense ratio was 41.9%.

Combined underwriting profit on a statutory basis amounted to $146,317, while the combined investment gain was $1,854,478, or a total gain for the year of $2,000,795.

Since the close of 1954, the companies' position has been further strengthened by an increase in Prudential's capital from $600,000 to $1.5 million, with a contribution to its surplus of $600,000.

Photographed at the Union League Club insurance group meeting by Harry Fuller, midwest manager of National Bureau of Casualty Underwriters:

A. L. Kirkpatrick, insurance manager of the U. S. Chamber of Commerce, and featured speaker; Roy Davis, midwest manager of Assn. of Casualty & Surety Companies, insurance group chairman; Levering Cartwright, insurance journalist and vice-chairman of the insurance group; Kent H. Parker, manager of Western Actuarial Bureau; John Hamilton, general counsel of American Mutual Alliance; Walter M. Sheldon, executive vice-president of W. A. Alexander & Co. agency; Hugh L. Tollack, secretary of National Assn. of Insurance Commissioners, and John A. Henry, vice-president, secretary, general counsel, and J. M. Smith, vice-president of Continental Casualty.

Neb. Department Looking for New Rating Supervisor

Director Thomas R. Pansing of Nebraska is looking for a replacement for Vance G. James, who has resigned as rating division supervisor to join the U. S. head office of Zurich at Chicago in the underwriting department. Mr. James had been with the department for nine years, the last four as rating supervisor and before that for five years as examiner.

The Nebraska rating division consists of five persons under the supervisor, all appointed by and accountable to the director.

Chicagoans Get Washington Review from Kirkpatrick

A. L. Kirkpatrick, insurance manager of the U. S. Chamber of Commerce addressing the insurance group of Union League Club of Chicago, expressed the belief that the administration sponsored health reinsurance bill will not succeed in a Democratic controlled Congress.

Commenting that the U. S. Chamber and the American Medical Assn. battled the measure last year, when it failed of passage in a Republican Congress, Mr. Kirkpatrick said he has found a 100% lack of faith among informed people that the bill would work or even make a contribution to the problem it attempts to solve.

In the social security field, Mr. Kirkpatrick said there probably will be nothing introduced this year, but in 1956, an election year, there will be pressure to increase and widen the benefits, hike the payroll base for taxation, and other changes. He mentioned some of the fallacies of the social security idea, and remarked that the actuaries know the weaknesses and now the problem is to get the story across to the public. No one has paid more than 5% toward the benefits he is now receiving, the speaker said, and even with the employer contribution the maximum is 10%. The direction in which social security is headed seems to follow the pattern advocated by the International Labor Organization, and Mr. Kirkpatrick said his observations in Central and South America indicate this idea takes in the socialization of workmen's compensation while taxes to support the program go up to 25% of payroll. In the United States it is the obvious job of business men to head-off such developments, he declared.

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Discussing the aims and functions of the U. S. Chamber, Mr. Kirkpatrick said there are 50 insurance men serving on various committees, 30 of them on insurance. Altogether, 500 insurance companies belong to the chamber and the insurance business is one of the best supporters of its activities.

There were two members of the U. S. Chamber insurance committee at the head table—Walter M. Sheldon of W. A. Alexander & Co. agency, and Chase M. Smith, general counsel of Lumbermens Mutual Casualty and U. S. Chamber insurance committee chairman, who introduced Mr. Kirkpatrick.

The meeting was in the nature of a homecoming for the speaker, since Mr. Kirkpatrick before going with the chamber was for many years insurance editor of the old *Chicago Journal of Commerce*, and he was well-known to many in the audience.

Roy Davis, midwest manager of Assn. of Casualty & Surety Companies, presided at the luncheon as chairman of the insurance group. In the preliminaries, Levering Cartwright, the vice-chairman, introduced representatives from 13 insurance trade organizations, remarking that this is the season during which these groups exercise their greatest activity and influence. They have to contend with a multitude of legislative proposals, and in this capacity, Mr. Cartwright said, they might be referred to as "snake killers," because their duty is to eliminate adverse legislation.

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The organizations represented at the luncheon were American Life Convention, American Mutual Alliance, Chicago Board, Health & Accident Underwriters Conference, Illinois Chamber of Commerce, Insurance Federation of Illinois, National Assn. of Insurance Commissioners, National Fraternal Congress, National Board of Fire Underwriters, National Bureau, National Assn. of Independent Insurers, Western Actuarial Bureau and Western Underwriters Assn.

E. F. Gallagher, Chicago manager of Planet, described in a humorous progress report what his special committee has done about nominating a manner in which the Union League Award Cup can be given to an individual.

Fire Association Surplus, Premiums, Assets up in '54

Fire Association of Philadelphia and its wholly owned subsidiaries, Reliance and Eureka Casualty, had the highest assets, surplus and premium volume in their histories at the end of 1954, President K. B. Hatch reported to stockholders.

K. B. Hatch

Assets of the group totaled $101,897,485 at the year end and policyholders' surplus amounted to $41,150,029. Premiums for the three companies was $44,608,322, an increase of $300,351.

Last year's hurricanes resulted in an underwriting loss of $1,510,901 to the companies, against a profit of $559,787 in 1953. Investment income was $2,750,912, an all time high for the three companies.

In addition to acquiring Eureka Casualty in September of 1954, the parent company increased its capital from $3,400,000 to $6,800,000.

Shalleck Named to Head Liquidation Bureau of N. Y. Department

Milton Shalleck has been named special deputy superintendent of insurance in charge of the liquidation bureau of New York insurance department.

He has been a practicing lawyer for more than 23 years. He was legal secretary to Justice Rosenman for 10 years. During the second world war he was head attorney for the lend lease administration and special counsel to the foreign economic administration. Recently he was U. S. commissioner on the south Pacific commission appointed by President Truman.

He will also work closely with Superintendent Holz in the general business of the department and on special projects.

Olofson Has New St. Paul Office

The Olofson Co., Minneapolis adjusters, has opened a new office at St. Paul at 112 East 6th street. An open house was conducted last week at which more than 150 agents and company people were guests. Stanton D. Stensrud, who has been for six years adjuster and assistant manager at Rochester, and Minneapolis, is in charge of the new St. Paul office.

Olofson Co. has maintained other offices in Minnesota since 1940, and the expansion will increase the service available. Richard N. Olofson is general manager of the organization.

Standard Accident Has Changes in Three Cities

D. W. Clapp, Chicago manager of Standard Accident & Planet has been transferred to Dallas as resident manager. George L. Powledge continues as Dallas manager under the supervision of the resident manager. P. J. Lynch, who has been manager of the bonding department at Chicago, succeeds Mr. Clapp as manager there, assisting J. S. Richardson, resident vice-president.

F. A. Hackett, Indianapolis manager, becomes manager of the casualty department at Chicago, and he is succeeded at Indianapolis by E. M. Curry, who has been bond manager there. Earl C. Barnes is assistant manager, and J. T. Mahan becomes manager of the bonding department.

Government Bonding Bill

WASHINGTON—A bill has been introduced in the House authorizing government purchase of bonds to cover postmasters, officers and employes of the post office department and mail clerks of the armed forces.

Robert N. Hammond of San Francisco, has resigned as a member of the board of *Insurance Brokers Exchange of California*, although he will remain on the executive committee. He is being replaced on the board by S. P. Mallia of San Francisco. Mr. Hammond is a past-president of the exchange.

Medical Education Drive

S. Bruce Black, president of Liberty Mutual, who is chairman of the mutual fire and casualty insurance division for the national fund for medical education, has opened the latter's spring appeal. Elmer F. Hunt, formerly of Johnson & Higgins, and Roy N. Jenkins president of Alexander & Alexander, are co-chairmen of the brokers division, and John R. Cooney, president of Loyalty group, is chairman for the stock fire and casualty business.

Robert L. Edgar of Lon W. Harlow agency, St. Louis, spoke at the February meeting of *Southeast Missouri Assn. of Insurance Agents*. The association will hold a one-day school for office personnel April 27 in Portageville.

New IM Definitions Cover Wide Variety of Situations

The committee on interpretation has issued several new rulings under the inland marine definition.

No. 50 deals with checkroom policies and contents of coin operated lockers. Insurance of property checked as an incident to transit, travel or transportation in checkrooms of hotels, clubs, hospitals or other establishments is classifiable as inland marine. Also, insurance of legal liability of a bus company or other carrier for such property while contained in coin-operated lockers located in its terminal or station is classified as IM.

No. 51 states that motor graders or motor road patrols designed and used for the construction or maintenance of highways, the building of dykes or airports and other work of this general nature are not motor vehicles designed for highway use.

No. 52 states that a policy issued to cover auto homes sold on an installment plan does not fall within the IM classification.

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In No. 53 the committee ruled against IM classification of a policy on loss sustained in retail finance transactions and loans secured by conditional sales contracts or chattel mortgages or certificates of title when loss is caused by the inability of insured to realize upon the security thereof or to repossess or recover personal property described in any security instrument because the instrument has not been filed or recorded with the proper public authorities.

No. 54 states that insurance of flood lights and flood lighting systems and equipment installed and used as such in baseball, football and similar fields or stadia is not within the IM classification. This does not apply to portable equipment.

In No. 55 the committee ruled that a policy is not IM which is issued to householders to cover foodstuffs in freezers at insured's residence against spoilage caused by outside power failure or mechanical breakdown of a unit. The committee adds, however, that the opinion has no bearing on the personal property floater, which may include such coverage if the provisions of the policy encompass it.

The committee ruled in No. 56 that insurance of a ski tow including poles, wire, lights, motor, rope, belts, fly wheels and drum, when the tow is dismantled at the end of the ski season and transported to a nearby town for storage is classifiable as IM.

No. 57 states that a policy covering all risks from any external cause excepting fire and extended coverage on a water intake crib located just off shore in the river just outside regular steel piling filled with rock protruding 45 feet below the water and 25 feet above the water and 25 feet in diameter, is IM—provided coverage does not include buildings, their furniture and furnishings, fixed contents and supplies held in storage.

No. 58 deals with dealers' chicks and supplies in possession of chicken growers. The inquiry was: Feed dealers furnish to growers at various locations removed from the premises of the dealer baby chicks, feed, fuel, shavings, wire, scratch and supplies necessary to grow the chicks to maturity, which is usually accomplished in a period from 11 to 14 weeks. When the chickens are ready for marketing they are sold and out of the proceeds all of the charges made against the grower's account are paid and the profits shared between the dealer and the grower. Does a policy issued to cover the chickens and the supplies while in transit and while on the premises of the growers fall within the IM classification? The committee ruled yes.

However, as to a policy issued to a chicken grower covering chicks in transit and while on premises and including coverage of feed, vaccines, and supplies, is it proper to classify such a policy as IM, where the grower usually gets the feed every week or two? The committee ruled affirmatively as to chicks, feed, vaccines and medicines, but negatively as to supplies. The committee particularly noted that the feed, vaccines and medicine were usually limited to a week's supply and seldom exceeded two weeks' supply. The committee expressed the opinion that insurance of feed, vaccines, and medicines held in storage is not IM, but insurance of such transitory supplies incidental to raising the chicks under the circumstances set forth, is.

The committee in No. 59 ruled that insurance is IM when on antique automobiles, 25 years or more of age, maintained solely for use in exhibitions, club activities, parades or other functions of public interest, not used primarily for transportation of persons or goods.

In No. 60 the committee held to be inland marine coverage insurance of oil tanks and pumps mounted on trucks and trailers which insured does not own but which he leases from others in connection with his bulk oil and gasoline business.

McGinty at New Orleans for Security of Conn.

Security-Connecticut has appointed William J. McGinty assistant manager at New Orleans. Before joining the companies he was manager at Dallas for Traders & General. Prior to that he was with U. S. Industrial Chemical Corp. at New Orleans and Pan American Life.

Picotte agency in Albany has been purchased by Patrick J. Burke, former vice-president and insurance department manager of Picotte realty, and David E. Williamson, Albany real estate broker who have changed the name to Burke-Williamson.

Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Booklet on Expanding, Increasing Liability for Product Damages

The potential liability arising out of the manufacture of almost any product has been creeping up on American industry for a long time. It has finally reached the aviation industry and in an attempt to assist manufacturers in analyzing their responsibility in this direction, U. S. Aviation Underwriters has prepared a booklet covering the general subject from the point of view of the product liability insurer.

The make-up of the booklet, entitled "Legal Liability of Manufacturers and Repairers of Aircraft and Aircraft Components for Damages to Third Parties", follows the general style of a similar publication U. S. Aviation Underwriters put out some time ago covering liability arising out of the operation of an airport. This was distributed countrywide to airport managers, city attorneys, agents, etc., and the response was widespread.

The new booklet is a summary of the law in the field and was prepared under direction of the New York City law firm of Haight, Deming, Gardner, Poor & Havens, counsel of U. S. Aviation Underwriters.

In substance the booklet states:

The purpose of this booklet is to assist manufacturers of aircraft, aircraft engines, aircraft components and others connected with the aircraft industry, toward a better understanding of their liability arising out of the use of their products by the public. Experience shows that there is a wide difference of opinion and not a few misconceptions, on the part of manufacturers and others dealing with aviation products, as to what their liability might be when a product is alleged to have caused an accident, after that product has been in the hands of the ultimate purchaser for an indefinite length of time. During recent years it has been repeatedly demonstrated that manufacturers, sellers and repairers have a definite responsibility to the public and that it is highly essential for them to be adequately protected against losses resulting from the use of such products.

As public acceptance of a product increases, claims and lawsuits for damages growing out of its use seem inevitably to keep pace with the expansion of the industry to which the product relates. Aviation has been no exception. Not so many years ago, a lawyer who represented a client in an airplane negligence case had difficulty finding an aviation decision as authority for the position he was arguing. While it is still necessary in many situations to cite non-aviation cases as precedents, there are services to the legal profession which report nothing but air law and related decisions. One service of this sort has accumulated more than 25 bound volumes devoted entirely to aviation cases.

Manufacturers and repairers of airframes, aircraft components and accessories have participated in this growth of aviation law, more often unwillingly as defendants in expensive, time-consuming litigation of considerable inconvenience to management and their technical people who must attend trial as necessary witnesses. Builders of products for aviation find themselves even more concerned at this time with the recent pattern of negligence actions where recovery for damages is being sought against them when little basis in fact exists for the lawsuits, and when often the only reasonable conclusion to be drawn from the accident investigation places the cause in the operational category. Though the allegations may be groundless these suits must be properly defended, and the technical problems to be considered usually mean a long and costly controversy.

The increasing extent of such litigation may be judged by the fact that as the result of three aviation accidents within the past ten years, no less than 56 lawsuits have been commenced in which the airframe or parts manufacturers have been named as defendants. In some cases they were named individually and in other cases they were made joint defendants along with the operator. The damages claimed in these suits for deaths, personal injuries and destruction of property have exceeded the staggering total of $20 million.

Claims against a manufacturer or repairer can be generally classified as (a) those in which the immediate purchaser seeks damage, (b) those in which a remote purchaser is damaged, as in the claim of an aircraft owner against the component or accessory manufacturer who supplied the builder of the airplane with material or parts claimed to be defective, and (c) those in which third persons, such as passengers in the plane or other persons in the vicinity of its use, sustain damage caused by some alleged deficiency in the fabrication or repair of the product.

A manufacturer's liability may have its origin in many causes, but from an examination of the claims and decided cases the principal sources can be summed up as: (1) failure to exercise reasonable care in design of the product, (2) negligence in the selection of material, (3) fault in the construction, (4) some shortcoming in the testing program, including the final checkout of the finished product.

Liability may arise from accidents whose cause can be traced to failure to comply with one or more requirements of work orders, purchase agreements, type specifications and regulations—particularly civil air regulations applicable to aircraft design and construction which are frequently made a part of the purchase agreement and specifications. Legal responsibility in these categories is often associated with express or implied warranties to the buyer that the product has been made in accordance with the purchase agreement, free from defects in design and material or other defects arising from the process of manufacture.

An examination of products liability

(CONTINUED ON PAGE 29)

Insurer Gives Its Agents Reasons for Promoting the Six-Month Policy

National Mutual of District of Columbia has sent its agents a circular on which the company lists eight reasons why the six-month automobile policy is advantageous, as follows:

1. The great majority of your prospects and customers appreciate the opportunity to write a check for only half the annual sum.

2. You are in a far better position to compete with the direct writers.

3. You double your chances of selling additional insurance. A policyholder who must write a check for an annual premium will resist your suggestions for additional types of protection. The cash involved becomes too great. On a six-month basis, however, the added costs don't look as big.

4. You reduce the risk of losing your customers to direct writers offering lower prices. A comparison of annual rates may look big. The difference between the rates on a six-month policy, however, becomes trivial.

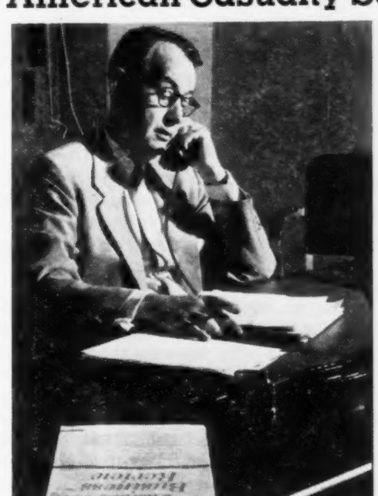
5. You have doubled the opportunity to sell and resell each client on the value of a personally interested agent. You have doubled the opportunity to sell him other types of policies. You have doubled the opportunity to request and get more directed leads.

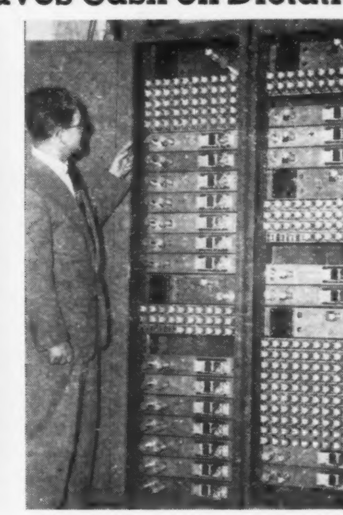
6. You are involved in less financing because the smaller amounts are more easily handled by your customers.

7. Once you have a client on our books we (National Mutual) prepare the renewal policy and invoices for you. Your office typing facilities do not take on an extra burden, but you retain your full and direct contact with your own clients.

8. In addition to the direct writers, all of the larger agency companies are swinging over to the six-month policy. To be competitive . . . to keep growing . . . it is important to you that you promote the six-month policy.

American Casualty Saves Cash on Dictation





A streamlined automatic dictation system, using the largest switchboard of its kind in the world, is in operation at American Casualty's new 14-floor home office in Reading.

H. R. Anewalt, assistant secretary and comptroller, said the new system will save $10,000 a year over the previous cylinder dictating machine. Known as the dictaphone telecord dictation system, it was installed by Dictaphone Corp. of New York City.

In an accompanying photograph, Mr. Anewalt is shown dictating a letter to a recording machine in the transcribing pool. His call alerted the large switchboard, also shown, which turned on the recorder.

Executives record their letters over 119 dictation phones in various departments. The act of picking up the phone alerts the switchboard in the basement. It turns on one of nine dictaphone recording machines in the transcribing pool, and the speaker's words are recorded. Stenographers then type the letters from the records and return the finished documents by messenger to the authors for signature.

The annual savings are obtained by 25% greater secretarial output, increased efficiency and low initial investment cost, Mr. Anewalt said.

Whitford Analogizes General Marketing and Insurance Sales

Contrary to the belief of many of those who live by the insurance business, they are not completely independent and their activities do not take place on an economic island far from the mainland and detached from the activities of the market place which shape other basic consumer decisions, George V. Whitford, vice-president of Fire Association, told Southern Agents Conference at White Sulphur Springs, W. Va. Such reasoning comes from wishful thinking rather than from a rational investigation of the facts, he said.

Consulting firms say that one of their greatest hurdles is convincing management that their business is not different, that successful techniques used by a textile firm to solve a problem can also have direct application to a bottling plant. He noted the ease with which professional managers moved from business to business in unrelated fields, with satisfaction to directors. He emphasized the increasing competition of manufacturers, retailers, and every seller of services for a share of the disposable U.S. income.

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Buyers today are different, he said. There are more potential customers with money to spend than ever before. The average insured of 10 or 20 years ago has changed. Today there are 18 million family units earning beween $4,000 and $7,500. Twenty years, ago, families earning this amount were independent business and professional men and certain industrial managers. Today in this group 10% are unskilled laborers and service workers, 25% semi-skilled factory workers, miners, truck drivers, and delivery men; 28% are foremen, electricians, craftsmen and mechanics. Where do these people spend their money and why?

He pointed to the rise of the discount house, the sale of health and beauty aids in supermarkets, and the growth of prefabricated homes (which dismays the retail lumber dealer).

It is a delusion, he said, that an off list price structure was fostered on an unwilling public. Some people always tried to get off list buying privileges, but the number is increasing. The younger generation, brought up in the supermarket atmosphere, is especially open minded. In a world of self service and self selection, the public has become conditioned to less service at retail. The redistribution of personal income in the past few years has concentrated buying power in the hands of people who have not been accustomed to charge accounts, delivery service and other expensive trappings of retail establishments.

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He said the insurance business can't pass laws to protect it from price competition. Fair trade laws are breaking down. Independent, progressive grocers are using chain store methods.

The buyer of insurance is the real boss of the business, he said. Will he understand why some in the insurance business consistently block every method suggested to reduce his costs, or will he take his business elsewhere?

He said the agent should ask himself what proportion of the increase in car registration in his city or state did he write? How many customers died, moved away, or sold insurable property, and how many new customers did he get? Is his increase explained by rate changes, inflation or new customers? Did he go ahead last year because his largest customer put an addition on his plant or hired 200 more workers, or has he successfully widened the base of his business by bringing new business into the office? Did he fight with competitors for the customer who was already sold, or did he create customers who had not carried any coverage before? Is he trying hard for personal lines, is he determined not to turn the battlefield over to his adversary?

Western Pa. Storm Claim Total Now Seen Hitting 18,000

The estimate of the number of claims arising from the March 11 storm that hit Pittsburgh and western Pennsylvania has been revised from 12,000 to 18,000, National Board has reported. Losses estimated there were $1.5 and $1 million each in Ohio and Indiana. However, the final total loss may exceed the previously estimated $3.5 million for the three areas.

Cal. Agents Hear Talk on Safety Council Work

J. T. Blalock, vice-president of Pacific Indemnity and president of Greater Los Angeles Safety Council, reviewed the growth and purposes of the council at a meeting of Insurance Assn. of Los Angeles.

Other speakers were Capt. Carl Renfro of the Los Angeles fire prevention bureau, who discussed the fire prevention institute being sponsored by the agents' association, and James P. Bennet, Los Angeles representative to the California association, who talked on legislative proposals under consideration.

Explaining that the council was an outgrowth of the terrible traffic conditions in Los Angeles in the 1930s, Mr. Blalock told of the immediate sanction it received from other civic groups. Today the council operates in the fields of traffic, commercial vehicle, industrial, home, maritime and public safety and has a section for public information.

He described the work of the various committees in the traffic section, which is headed by William B. Cleves, vice-president of the Yellow Cab Co.

The committees and their chairmen are: Law and courts, James W. Hughes, formerly general counsel and executive vice-president of Farmers group; engineering, J. E. Havenner, manager of public safety for Automobile Club of Southern California; education, James Ball, director of public relations for Allstate; enforcement, Robert Mitchell, president of Consolidated Rock Products, and public information, Robert Jackson, director of public relations for National Automobile Club.

Mr. Blalock outlined activities of the council, such as publicity drives, contests, meetings, the audio-visual library, participation in local fairs and similar projects.

He lauded the Los Angeles association for the work it is doing in preparation for its operation safety campaign, to be based on the slogan "Speed Kills—Take It Easy." He presented statistics showing the incidence of traffic accidents caused by excessive speeding.

Going into the council's work with industrial safety programs, Mr. Blalock offered figures showing the decrease of industrial accidents since the council launched its business and industrial safety contest in 1949. He urged members of the agents' association to help enroll small companies into the safety program.

Citizens Casualty Gives Report for 1954

Assets of Citizens Casualty totaled $7,595,022 at the end of 1954, compared with $6,580,838 in 1953, while policyholders' surplus totaled $1,936,419 at year end.

Listed among the assets are state, county and municipal bonds, $2,985,832; other bonds and stocks, $1,448,280; U. S. government bonds, $1,331,873, and cash in banks and company offices, $1,235,287. Liabilities are reserve for losses and loss expense, $2,514,892; funds held under reinsurance treaties, $1,258,693; reserve for unearned premiums, $923,629 and other liabilities $744,888.

Use of Advertising by Agents Stressed by Brown Before EAC

The importance of advertising by agents, not only its value in making sales but also as "customer insurance," was outlined by Robert E. Brown Jr., assistant manager of advertising and publicity of Aetna Life affiliated companies, at Eastern Agents' Conference in Baltimore.

Pointing out that the best planned program of advertising that money can buy will not make up for poor service or lack or service, he said if an agency is giving the service it should and it is different than that provided by direct writers, advertising can help point out and emphasize the difference to an agency's clients and prospects.

For the most part advertising by an agent has been on a limited scale, has appeared spasmodically, or both. Only a few agents, unfortunately, appropriate more than a token amount of money for a regular advertising program and even fewer have a formal plan which they follow consistently.

Mr. Brown advised the agents not to think of advertising solely for its value in making immediate sales but also as "customer insurance."

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"I don't need to tell you," he said, "about the importance of customer development and of how 'account selling' is proving to be one of the most effective competitive weapons against the direct writers. Undoubtedly you are doing a good job in this field already, but are you perhaps overlooking some valuable help in this direction that could be obtained from advertising?"

Advertising is not a substitute for personal service and no agent should attempt to make a 3-cent stamp do the work for which he has received $30 or more in commission. But in between personal calls, and as a supplement to them, there is a place for advertising.

Mr. Brown said even though it is physically impossible for an agent regularly to see all his customers personally, it's a good idea to keep them constantly reminded of the agency through advertising. Such a program would do much to keep the foot of any competitor out of the door.

Saving a good customer, he pointed out, is a job that advertising can help perform.

Many companies are telling the story of the service they can provide and what it means to every buyer of insurance through advertising. National Board is also telling this story and both groups are offering tie-in material for use at the local level.

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In addition, Mr. Brown related, many state associations and local boards have prepared or are working on special campaigns of their own.

In Connecticut, for example, the state association produced a complete kit of advertising material. Every one of the 29 local boards has agreed to use this material and $50,000 has been appropriated for this purpose. Individual advertising of scores of home town agents will support the boards' campaign.

Similar campaigns are under way in Colorado, Texas and New Jersey to name a few. In New Jersey, Essex county association has started a newspaper campaign featuring the services of the independent agent.

Mr. Brown said if agents are to get the fullest benefit from the advertising of local boards, associations and companies, they must identify themselves with the program, letting their clients and propects know they are one of the agents being referred to.

He suggested agents take a good look at the many advertising aids available for their use, choose those that are best suited to their needs and use them.

Remember, he advised, that the weakest point in the direct writer's entire sales story is in the field of personal services, the field in which an agent excels. But if a buyer doesn't know the difference between a direct writer's policy and one backed by the services of an independent home town agent, if the only advertising a buyer has been exposed to is that of a direct writer, who can then blame him for his listening to the direct writer's price appeal?

Mr. Brown concluded that agents have a story to tell and should be telling it constantly, not only to their present customers but to all insurance buyers in the community.

Leary Asks That States Set Uniform Auto Limits

John F. Leary, resident secretary of Lumbermens Mutual Casualty at Boston, has called for nationwide coordination of legal insurance minimums and for reciprocity so insured motorists can be assured protection against the uninsured driver who causes an accident. He spoke at a Hartford traffic seminar for eastern graduates of Northwestern university traffic institute.

Companies Report on 1954

Surplus in the following company reports refers to surplus to policyholders.

American Fire & Casualty, Orlando—Assets, $6,955,518, incr., $885,340; loss res., $859,153; unearned prem., $2,006,801; capital, $664,700; surplus, $1,696,608, incr., $217,619.

	Premiums Earned $	Losses Incurred $
Fire	307,937	121,656
Extended coverage	169,492	27,416
Torn., wind (ex. crops)	7,493	139
Sprinkler and water dam.	281	52
Expl., riot, civil comm.	84	....
Inland marine	13,115	6,994
Aircraft phys. dam.	4,010	682
Workmen's comp.	85,534	60,070
Liability (not auto)	124,170	44,138
Auto liability	916,932	545,847
Auto PDL	875,142	439,591
Auto phys. dam.	926,687	300,501
P.D. (not auto)	37,102	30,709
Fidelity	15,859	10,619
Surety	23,151	3,544
Glass	23,171	7,716
Burglary, theft	37,553	21,752
Total	3,567,713	1,621,426

Boston Manufacturers Mutual Fire—Assets, $50,065,429, incr., $4,485,095 loss res., $2,436,925; unearned prem., $21,017,852; surplus, $25,559,701, incr., $4,275,069.

Fire	13,634,504	3,665,246
Extended coverage	121,765	3,585
Sprinkler and water dam.	60	1,226
Expl., riot, civil comm.	36,825	....
Earthquake	1,121	....
Exc. of loss reins.	—50,711	155,696
Total	13,743,564	3,825,754

Continental Union, Birmingham—Assets, $3,342,885, incr., $2,007,785; loss res., $1,065,478; unearned prem., $842,371; capital, $500,000; surplus, $963,401, incr., $143,846.

Fire	34,270	10,086
Extended coverage	16,607	5,704
Torn., wind (ex. crops)	245	—418
Inland marine	[illegible]	[illegible]
A. & H.	1,349	38
Workmen's comp.	85,365	68,418
Liability (not auto)	33,357	17,473
Auto liability	129,555	92,512
Auto PDL	80,041	45,158
Auto phys. dam.	169,368	88,639
P.D. (not auto)	9,461	1,515
Fidelity	199	332
Surety	515	1,320
Glass	3,255	591
Burglary, theft	1,811	2,079
Total	569,786	334,469

Cosmopolitan Mutual Casualty, N. Y.—Assets, $16,920,088, incr., $3,021,512; loss res., $6,160,938; unearned prem., $3,762,805; surplus, $4,187,340, incr., $825,764.

	Premiums Earned $	Losses Incurred $
Fire	93,939	59,986
Extended coverage	15,151	9,383
Sprinkler and water dam.	420	....
Inland marine	440	369
N. Y. disability	162,634	61,744
Workmen's comp.	5,545,422	2,271,520
Liability (not auto)	1,530,584	765,316
Auto liability	1,269,687	559,257
Auto PDL	438,638	192,231
Auto phys. dam.	46,150	12,023
P.D. (not auto)	73,321	13,993
Glass	175,437	58,044
Burglary, theft	30,719	25,944
Total	9,382,546	4,029,816

Cosmopolitan Mutual Fire, N. Y.—Assets, $828,481, incr., $44,677; loss res., $25,931; unearned prem., $191,551; surplus, $578,995, decr., $866.

Fire	131,372	76,408
Extended coverage	18,346	12,003
Sprinkler and water dam.	1,017	—266
Inland marine	18,715	5,240
Auto phys. dam.	37,497	8,839
Total	206,950	102,225

Excess Mutual Reinsurance—Assets, $1,110,505, decr., $281,410; loss res., $387,276; surplus, $697,394, decr., $372,405.

Fire	1,594,281	1,761,825

Fire & Casualty of Conn.—Assets, $5,962,184, incr., $1,262,677; loss res., $431,069; unearned prem., $3,262,259; capital, $550,000; surplus, $2,120,423, incr., $510,147.

Fire	653,570	329,841
Extended coverage	194,052	147,998
Torn., wind (ex. crops)	7,439	2,297
Sprinkler and water dam.	4,613	1,909
Expl., riot, civil comm.	308	—509
Earthquake	7,649	—10
Inland marine	4,403	6,143
Auto phys. dam.	1,475,441	702,106
Multiple peril	882	479
Total	2,348,360	1,190,255

Grange Mutual Casualty—Assets, $6,903,432, incr., $1,580,754; loss res., $1,831,284; unearned prem., $2,043,828; surplus, $2,696,976, incr., $812,043.

Comprehensive	582,463	242,193
Accident	36,756	16,745
Hospitalization	791,267	666,321
Hosp. & med.	12,020	3,633
Liability (not auto)	47,943	22,131
Auto liability	1,264,549	1,074,497
Auto PDL	1,110,191	650,655
Auto phys. dam.	2,136,349	1,279,137
P.D. (not auto)	29,733	12,454

	Premiums Earned $	Losses Incurred $
Cargo	11,389	3,693
Livestock	4,613	737
Med. pay.	396,222	149,528
Total	6,423,495	4,121,724

Law Union & Rock—Assets, $3,921,554, incr., $87,952 loss res., $159,011; unearned prem., $1,724,045; deposit capital, $500,000; surplus, $1,950,396, incr., $93,481.

	Premiums Earned $	Losses Incurred $
Fire	803,925	413,926
Extended coverage	259,182	224,830
Torn., wind (ex. crops)	4,022	2,055
Sprinkler and water dam.	1,129	536
Expl., riot, civil comm.	138	1
Earthquake	1,963	—34
Inland marine	47,134	21,465
Auto phys. dam.	226,355	84,516
Aircraft phys. dam.	6,387	1,513
Glass	149	77
Burglary, theft	56	3
Total	1,350,446	748,891

London & Lancashire—Assets, $13,850,356, incr., $682,946; loss res., $755,300; unearned prem., $7,896,020; deposit capital, $500,000; surplus, $4,148,131, incr., $372,052.

	Premiums Earned $	Losses Incurred $
Fire	3,624,714	1,691,908
Extended coverage	1,209,557	1,062,215
Torn., wind (ex. crops)	19,106	9,764
Sprinkler and water dam.	5,352	2,540
Expl., riot, civil comm.	660	1
Earthquake	8,704	—163
Inland marine	223,890	101,970
Auto phys. dam.	1,075,163	401,438
Aircraft phys. dam.	30,339	7,186
Glass	710	372
Burglary, theft	266	12
Total	6,198,465	3,277,248

Lumbermens Mutual, Ohio—Assets, $16,931,769, incr., $1,131,695; loss res., $1,063,541; unearned prem., $9,358,045; surplus, $5,201,601 incr., $254,217.

	Premiums Earned $	Losses Incurred $
Fire	5,731,205	2,246,010
Extended coverage	1,534,318	1,345,811
Torn., wind (ex. crops)	33,827	11,133
Sprinkler and water dam.	24,969	8,969
Expl., riot, civil comm.	8,315	2,264
Earthquake	11,978	41
Inland marine	467,728	280,862
Comp. dwell. end.	4,054	2,286
Auto phys. dam.	1,807,732	727,681
Aircraft phys. dam.	18,813	4,527
Glass	24,842	10,774
Burglary, theft	43,811	20,928
Use and occup.	31,805	15,362
Exc. of loss & cat.	—73,531	—222,227
Total	9,669,866	4,454,421

Mutual Fire, Marine & Inland, Philadelphia—Assets, $5,697,247, incr., $527,138; loss res., $385,198; unearned prem., $1,323,673; surplus, $3,935,639, incr., $377,076.

	Premiums Earned $	Losses Incurred $
Fire	1,209,535	648,050
Inland marine	24,619	14,393
Total	1,234,154	662,443

Ohio Casualty—Assets, $57,141,879, incr., $5,134,903; loss res., $10,886,604; unearned prem., $11,224,273; capital, $2,500,000; surplus $16,355,133, incr., $2,885,108.

	Premiums Earned $	Losses Incurred $
Aircraft phys. dam.	—5,806	—920
Accident	7,509	1,337
Workmen's comp.	1,942,013	834,922
Liability (not auto)	2,861,742	784,736
Auto liability	13,114,138	5,685,643
Auto PDL	9,932,458	4,076,890
Auto phys. dam.	10,553,909	3,666,149
P.D. (not auto)	916,597	236,065
Fidelity	551,644	110,051
Surety	904,797	182,088
Glass	576,565	208,178
Burglary, theft	991,229	358,435
Auto med.	1,634,896	816,997
Total	43,981,692	16,960,570

Ohio Ins.—Assets, $6,259,054, incr., $394,545; loss res., $126,171; unearned prem., $2,019,939; capital, $1,000,000; surplus $3,477,448, incr., $560,530.

	Premiums Earned $	Losses Incurred $
Fire	521,702	190,998
Extended coverage	216,522	125,674
Torn., wind (ex. crops)	429	146
Sprinkler and water dam.	94	14
Earthquake	35	....
Inland marine	20,088	3,567
Auto phys. dam.	2,489,023	1,034,492
Burglary, theft	45	....
Aircraft phys. dam.	14,028	2,902
Total	3,261,969	1,357,794

Oklahoma Farm Bureau Mutual—Assets, $3,794,145 incr. $118,266; loss res., $720,925; unearned prem., $1,062,212; surplus, $1,558,085 decr., $129,587.

	Premiums Earned $	Losses Incurred $
Fire	219,961	106,829
Extended coverage	195,400	85,452
Torn., wind (ex. crops)	8,469	4,618
Crop-Hail	68,255	17,069
Liability (not auto)	68,483	42,702
Auto liability	708,096	605,998
Auto PDL	350,756	236,571
Auto phys. dam.	1,767,116	955,196
Combine (not B. I.)	52,500	60,398
4-H. & F.F.A.	1,417	673
Total	3,440,458	2,115,510

Orient—Assets, $10,286,820, incr., $78,894; loss res., $477,031; unearned prem., $4,936,886; capital, $1,000,000; surplus, $4,479,591, incr., $113,719.

	Premiums Earned $	Losses Incurred $
Fire	2,289,840	1,068,567
Extended coverage	764,047	670,868
Torn., wind (ex. crops)	12,069	6,164
Sprinkler and water dam.	3,373	1,608
Expl., riot, civil comm.	417	9
Earthquake	5,563	—103
Inland marine	141,404	64,402
Auto phys. dam.	679,050	253,543
Aircraft phys. dam.	19,161	4,538
Glass	448	232
Burglary, theft	167	8
Total	3,915,545	2,069,840

Republic,, Dallas—Assets, $33,321,181, incr., $4,118,316 loss res., $866,285; unearned prem., $17,716,498 capital, $4,100,000; surplus, $13,600,344, incr., $2,813,000.

	Premiums Earned $	Losses Incurred $
Fire	6,406,067	1,842,872
Extended coverage	3,799,664	1,758,558
Torn., wind (ex. crops)	2,626	243
Sprinkler and water dam.	65	....
Expl., riot, civil comm.	3,610	824
Earthquake	3,833	....
Inland marine	205,323	55,848
Liability (not auto)	30	....
Aircraft phys. dam.	13	....
Surety	79	....
Glass	3,862	961
Burglary, theft	1,420	....
Homeowners	69	11
Total	10,426,667	3,659,320

Safeguard—Assets, $6,530,799, incr., $799,645; loss res., $198,764; unearned prem., $2,077,876; capital, $1,000,000; surplus, $3,887,047, incr., $715,295.

	Premiums Earned $	Losses Incurred $
Fire	954,050	445,234
Extended coverage	318,423	279,525
Torn., wind (ex. crops)	5,078	2,570
Sprinkler and water dam.	1,405	672
Expl., riot, civil comm.	173	2
Earthquake	2,290	—43
Inland marine	58,924	26,835
Auto phys. dam.	282,939	105,647
Aircraft phys. dam.	7,984	1,890
Glass	186	96
Burglary, theft	70	3
Total	1,631,526	862,434

Sterling, Chicago—Assets, $8,375,014, decr., $446,322 loss res., $1,189,253; unearned prem., $2,414,033; capital, $1,000,000; surplus, $2,283,348, decr., $614,959.

	Premiums Earned $	Losses Incurred $
Group A. & H.	68,578	61,454
Non-can. A. & H.	628,781	214,269
A. & H.	2,970,058	1,383,590
Hospitalization	7,317,982	5,680,531
Total	10,985,399	7,339,844

U. S. Casualty—Assets, $43,454,865, incr., $3,972,336; loss res., $18,893,407; unearned prem., $11,000,896; capital, $1,000,000; surplus, $10,492,560, incr., $2,148,549.

	Premiums Earned $	Losses Incurred $
Fire	41,520	23,045
Extended coverage	28,088	26,482
Ocean marine	52,908	44,515
Inland marine	44,679	42,572
Accident	107,898	28,775
Health	17,951	6,253
Group A. & H.	123,443	47,622
Workmen' comp.	6,079,215	3,761,207
Liability (not auto)	3,190,039	1,596,304

	Premiums Earned $	Losses Incurred $
Auto liability	7,072,692	4,133,915
Auto PDL	3,516,279	1,510,203
Auto phy. dam.	1,151,988	451,506
P.D. (not auto)	615,895	146,174
Fidelity	248,053	126,430
Surety	705,555	386,421
Glass	327,484	145,269
Burglary, theft	620,911	251,295
Boiler, machinery	33	....
Total	23,944,641	12,727,996

Utilities Mutual, New York—Assets, $10,277,-893, incr., $1,341,865; loss res., $5,057,381; unearned prem., $406,345; surplus, $4,021,470, incr., $1,318,740.

Workmen's comp.	2,551,675	731,996

Vanguard, Dallas*—Assets, $3,373,214, incr., $1,576,866; loss res., $229,780; unearned prem., $820,098; capital, $1,000,000; surplus, $2,080,910, incr., $1,244,063.

Liability (not auto)	15,356	3,299
Auto liability	325,367	112,709
Auto PDL	270,757	97,584
Auto phys. dam.	650,377	347,268
P.D. (not auto)	195	120
Burglary, theft	1,639	895
Med. pay.	51,005	24,495
Total	1,314,698	487,373

* Formerly Republic Casualty

West American—Assets, $3,255,909, decr., $81,-384; loss res., $406,368; unearned prem., $724,-585; capital, $700,000; surplus, $1,737,923, incr., $96,278.

Workmen's comp.	139,874	72,990
Laibility (not auto)	107,124	39,921
Auto liability	541,698	286,975
Auto PDL	294,994	116,850
Auto phys. dam.	398,693	150,947
P.D. (not auto)	33,785	9,756
Fidelity	790	—169
Surety	2,136	467
Glass	30,500	12,646
Burglary, theft	27,026	13,625
Total	1,576,620	704,007

Bill on Third Party Actions by N. Y. Workmen

Under present workmen's compensation law in New York, a compensated injured workman who pursues his remedy against a third person must obtain the consent of the insurer to a settlement of that claim for an amount less than compensation benefits or forfeit his right to any future WC benefits. Refusal of the insurer to consent to a settlement requires the plaintiff and his attorney to settle without consent and forfeit future WC rights or to go to trial.

To further relieve calendar congestion by encouraging settlements, the temporary commission on the courts has recommended enactment of a bill now in the legislature which would amend section 227 (3). The amendment would provide that where approval of a settlement is refused by the insurer, an application for approval may be made to a court or judge. The bill would also amend the section to reduce the lien of the insurer to two-thirds of the net proceeds of the recovery.

The committee on negligence litigation of New York State Bar Assn. recommended adoption of a procedure for court approval of such settlements in 1953.

Case History Shows Need for Valuable Papers Cover

Harold McAllister, state agent of Phoenix of Hartford, was speaker at the February meeting of San Antonio Insurance Exchange, discussing valuable papers insurance. He mentioned the case example of a company in Amarillo, which refused to buy this coverage, telling the agent that the business records were always kept in a fireproof safe. That afternoon there was a fire and the records were not in the safe. The company had to advertise that its records had been nearly totally destroyed, and asked debtors to come in and assist in clearing up the situation.

Licensing Bill Proposed in N. H.

A bill has been introduced in the New Hampshire legislature calling for the licensing of real estate agents and brokers. The bill would set up an unpaid 3-member commission to handle registrations.

Professor to Look for Marketing Ideas Among European Producers

A prominent Ohio insurance educator will see whether European insurance marketing ideas have anything of value for American insurance men, in an extended tour of insurance centers on the Continent and in Great Britain. Professor John S. Bickley, who teaches insurance at Ohio State University, Columbus, will spend the spring and summer looking for this information.

Mr. Bickley's trip is under the auspices of the university and of the Charles W. Griffith Memorial Foundation for Insurance Education.

Among the questions for which it is hoped answers will be found are: How are agents compensated in order to stimulate production of new business, with adequate compensation for service work? How are agents trained for multiple line selling? What relative importance have agency and direct-writing systems overseas?

Mr. Bickley will also see whether there has been any extensive use of all risks and package contracts, whether there are any notable advances in agency management, how client and public relations activities are carried on, what company advertising methods are in vogue and to what extent branch office operations are employed. He will also study relations of private insurance with government in the countries he visits.

Propose 5% Premium Tax in Alabama

A tax bill calling for a flat 5% tax on gross premiums on all insurance companies doing business in Alabama has been introduced in the legislature with the blessing of Gov. Folsom.

The house ways and means committee will hold hearings on the proposal so insurers can make their arguments against the bill. Officials of both Alabama and out-of-state insurers have sent representatives to discuss the measure.

At present there is a premium tax of one-half of 1% on fire policies; 2½% on premiums of casualty; 2½% on life and 1½% on benevolent societies. There is no tax on premiums for burial and A&H.

The state expects to receive about $9 million annually from the proposed tax.

Scott Atlantic Mutual Special in La., Miss.

George H. Scott has been appointed special agent in Louisiana and Mississippi by Atlantic Mutual. He joined Atlantic Mutual and Centennial in 1946 and served in various field territories before assuming his present position as an assistant to the agency secretary in the home office.

He will have headquarters in New Orleans and work under the direct supervision of David A. Floreen, branch manager at Houston.

Pearl American 25-Year Men Elect

J. J. Hunter, H. A. Bitzer and M. C. Ripley have been elected president, vice-president and secretary-treasurer, respectively, of the Quarter Century Club of Pearl American group at its organizational meeting. V. L. Gallagher, U. S. manager of Pearl, presented gifts to the club's 10 charter members.

William B. Walker, president of First National Bank of Philadelphia, has been elected a director of *Fire Association* to fill the unexpired term of the late Harry C. Carr.

Says National Board Is Improving Storm Techniques

If the fact that Florida has been free from hurricanes since 1950 and that the eastern seaboard has suffered five hurricanes in the last 16 years suggests that the weather pattern has changed, every segment of the insurance business must evaluate this changing pattern, Donald B. Sherwood, assistant general manager of National Board, told Eastern Agents Conference in Baltimore. The business is doing exactly that, he declared.

Mr. Sherwood defended the companies in Massachusetts, where they had been criticized for an inadequate catastrophe plan, lack of proper publicity, bungled claim handling, and the making of loss adjustments on a deuces wild basis. He said criticism of the operations of the companies led them to a review of their activities in that state for the period immediately following Hurricane Carol and for five months thereafter.

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Within 48 hours National Board set up a supervisory office in Boston and wrote every agent and adjuster in the state explaining its efforts to coordinate the activities of all those adjusting losses for stock fire insurers; it urged that temporary repairs necessary to protect the property from further damage be made. Within 72 hours a quarter page advertisement was inserted in many New England papers urging property owners to protect their property from further damage, to notify their agent or broker so that he could report the loss to the insurer and arrange for an adjuster, and urging that if possible an itemized estimate of cost of repairing damage from the storm be secured.

Two weeks after the storm, advertisements appeared in Massachusetts papers explaining that National Board companies had established facilities to assist in effecting prompt, orderly handling of all claims; the companies were prepared to deal with thousands of losses; adjusters from other sections of the company were already on the ground or enroute; that the companies had competent men to adjust losses; that they recognized their responsibility, and that the agent and broker wanted to help.

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Meetings were held with various groups and radio programs were scheduled. There were other advertisements, talks and publicity; 840 adjusters worked around the clock; and hundreds of agents were working overtime to take care of the situation. On many days 2,000 losses were sent to companies for payment. Massachusetts property owners for five months were daily receiving an average of $350,000 for every working day from stock fire insurers.

The fire insurance business triumphed over the greatest challenge it has ever faced, he declared. This was the worst catastrophe in history in terms of total claims. The challenge to the adjustment forces of the business from the three hurricanes could scarcely have been more overwhelming if a hydrogen bomb had struck. The companies used every available resource they had to get the losses adjusted.

Sins of omission and commission that were made now are being seriously studied, he said. Last week he attended two company meetings to devise more and better planning for widespreading disaster losses that are bound to occur.

As the companies improve their techniques in handling losses of this kind, he said, the producers have a grave obligation to policyholders and companies. What can agents do to aid the situation?

Agents can support National Board recommendations for prevention of hurricane damage via building codes, he said. Agents should consider the desirability of deductible clauses, not only as to insured but as to companies as well, to say nothing of the desirability of eliminating TV aerials.

When storms occur, agents should do things they are best suited to do—record carefully and report losses from policyholders; complete in painstaking detail the notice of loss form recommended by National Board; have a prior understanding with the company to which they may assign catastrophe losses and provide the adjuster with a copy of the notice together with a copy to field man and home office. This conserves the adjuster's time and enables him to devote all his efforts to the adjustment of the agent's losses without being burdened with detail that the agent can do for him.

Hartford Steam Boiler Names Postma Special

Hartford Steam Boiler has named Otto Postma special agent in the Hartford area. He fills a vacancy caused by the appointment of Alfred N. Premo as deputy insurance commissioner. Mr. Postma, with the company since 1938, was formerly special agent in Cleveland.

Personal Property Floater is Topic at Hudson County I-Day

The personal property floater was the subject of Hudson County (N. J.) Assn. of Insurance Agents I-Day, which some 100 attended.

Stanley Clausen, secretary of Northern Assurance, pointed out that adequate insurance to value was essential in this type of coverage, but that wise use of deductibles can reduce the premium cost. He also said that the proper form of coverage must be provided by scheduling such articles as fine arts, fur and jewelry.

Elbert W. Hoffman of General Adjustment Bureau stressed that the policy is designed to provide coverage on personal property owned, used or worn by insured and members of his family, of the same domicile. He presented examples of some unusual claims he has handled.

Attorney Samuel A. Gennett of Newark pointed out that only recently has the coverage been further broadened to include improvements and betterments to a building in which the insured is a tenant, not an owner. This is in line with the coverage obtainable in a fire insurance contents policy.

Although there have not been any court cases on this policy provision, he said in his opinion the contract is one of indemnity and the matter of who actually sustained the loss, owner or tenant, would determine who gets indemnified.

Sterling Offices Report on First Year in U. S.

Sterling offices group has reported on the condition of the three companies under its management, Constellation, Nordisk Re and Lion Fire, for the first time since the group was organized last April.

Constellation, controlled financially by seven European insurers, had, at year end, assets of $3,457,007. Liabilities stood at $689,746. Premiums written were $692,369, and earned premiums were $200,359. Net losses were $153,810, loss expense was $11,542 and underwriting expense was $313,272. Total losses were $278,265.

The company is chartered to write all forms of insurance and reinsurance but confines activities at present to pro-rata fire and casualty lines reinsurance. It is licensed in Louisiana, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Nevada and West Virginia.

Nordisk Re entered the U. S. in April and the U. S. branch began business with resources of $1.2 million, of which $500,000 was the statutory deposit. At year-end policyholders surplus stood at $1,137,514. Trusteed funds on deposit were $875,000.

In addition to U. S. branch resources, all the company's free funds, capital and surplus, are liable for losses wherever incurred. The home office balance sheet as of June showed assets of 175,994,568 Danish kroner ($25,432,741) and net surplus of 21,404,956 Danish kroner ($3,093,346).

Lion Fire had assets of $306,585. Unearned premium reserve stood at $5,372 and loss and loss expense reserves were $530. Premiums earned were $5,106 and losses and loss adjustment expenses incurred were $2,477. Underwriting expenses incurred were $6,412 and underwriting loss was $3,783.

Object to Extension of Time on Hail Losses

South Carolina Assn. of Insurance Agents' hail committee expressed its dissatisfaction with the change from the 5-day waiting period to the present 8-day waiting period before adjustment of hail losses on growing crops at a meeting with Southeastern Hail Conference.

Conference members referred the agent's request that the 5-day limit be reestablished to a regional meeting, but the request was denied.

The agents also objected to the necessity of endorsing notes for farmers and receiving a reduced commission on such business even though their own assets were pledged to the companies in payment. It was suggested that this business be handled on open account at the usual 20% commission. The conference members said this was an individual company policy and could not be determined by the hail conference.

Pa. Accident Cover Bill

A bill has been filed in the Pennsylvania legislature that would authorize stock casualty companies to underwrite disability and death benefits as an endorsement to auto liability insurance.

House Group Supports D.C. WC

WASHINGTON—A House District of Columbia subcommittee has given its unanimous support to a bill sponsored by the Washington Board of Trade insurance committee that would establish workmen's compensation for D.C. It would replace the longshoremen's and harborworkers' act.

Join Casualty, Surety Assn.

Phoenix of London group and Southeastern Fire have joined Assn. of Casualty & Surety Cos.

Association membership, including the four Phoenix of London companies, now is 121.

Insurance Women of St. Louis had a 10th anniversary party March 8. Since the group was organized the ladies have donated more than $10,000 to charity.

Insurance Women's Assn. of Fort Wayne at the February meeting heard a panel discussion on casualty claims and fire and inland marine losses. Participating were Charles Burton of Burton & Chism, R. L. Whitehouse of Underwriters Adjusting, LaVerne Winter of LaVerne Winter agency, and Helen Bennett of M. M. Johnson Claims Service. Hilda Franke of Yast & Zent agency, was moderator.

Featured at the February meeting of **Insurance Women of Omaha** was a talk on Abraham Lincoln by Fred Liles.

Suggests Private A&H Pool for Reinsurance

John H. Rowell, consulting actuary of San Mateo, Cal., suggests primary A&H insurers form a private A&H reinsurance pool as an alternative to federal A&H reinsurance. He writes:

In the President's latest health message to Congress, he wrote as follows: "Reinsurance: The purpose of the reinsurance proposal is to furnish a system for broad sharing among health insurance organizations of the risks of experimentation."

Here is recognition of the fact well-known to insurance people that reinsurance, in the final analysis, is a spreading of excess losses, or catastrophe losses, or the risks of insurance experimentation among the primary insurers.

The primary insurers have long bought excess reinsurance covering, for example, workmen's compensation losses in excess of $25,000 per accident, knowing full well that the excess losses will come back to them collectively, at once, and individually, eventually in the form of reinsurance premium charges. Excess reinsurance per accident or per occurrence is simply a means whereby an individual primary insurer can escape temporarily the shock losses which are beyond its immediate capacity to bear.

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Likewise, the primary insurers have established such organizations as Aero Associates, Associated Aviation Underwriters and U. S. Aviation Insurance group to spread the risks of airplane hull and personal injury or death catastrophes among the primary insurers. Excess reinsurance is still required, but the pooling arrangements permit higher retentions by the individual insurers than they would otherwise permit. American Marine Hull Insurance Syndicate does a similar spread-the-risk job in the field of ocean marine hulls. American Foreign Insurance Association and American International Underwriters operate in areas where the nature of the fire and casualty risks assumed were relatively unknown at the outset. Indeed, these associations were organized for the very purpose of spreading insurance experimentation among the primary insurers.

The administration's health service prepayment plan reinsurance act, voted down last year because of the need of "more time for study", provided for covering about 75% of the underwriting losses a primary insurer might suffer as a result of experimentation in new phases or areas of hospital-surgical-medical coverage. Individual insurers could participate in the program, or not, as they liked.

Is there not an analogy between this and the hitherto proved success of individual insurer participation in existing fire, casualty or ocean marine pools?

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The administration would authorize the Secretary of Health, Education and Welfare to start with a $25 million capitalization (and tax supported administrative expenses estimated by Mrs. Hobby at $18.5 million a year), stating it to be an alternative to more drastic health and welfare or socialized medicine schemes. The insurance business does not like "more drastic health and welfare or socialized medicine schemes." But neither does it relish the administration's proposed alternative to be run by the federal government.

Therefore, as an alternative to the administration's proposals, could not the insurance business establish a private reinsurance A&H pool?

In the President's words, if "the purpose of the reinsurance proposal is to furnish a system for broad sharing among health insurance organizations of the risks of experimentation," would it not be a better alternative for the primary insurers to meet his purpose by organizing, within the business, an industry-owned, industry-controlled and industry-managed reinsurance facility in which individual insurers could participate, or not, as they wished, in order to "furnish a system for broad sharing among health insurance organizations of the risks of experimentation"?

Last year's administration bill was defeated but not dropped. The time for study has gone by. The time for talk has gone by. The only way to defeat the bill this year is to offer a concrete alternative. This is to meet the President's purpose, not by accepting some version of federal reinsurance but by offering private reinsurance, perhaps as a pool, open to all private insurers, life, casualty and service, who wish to participate.

Audubon Promotes Martin

Audubon of Baton Rouge has promoted Mayo M. Martin to assistant claims supervisor. He has been with the company in the claim department since 1951 after several years with General Adjustment Bureau.

Federation of New York Insurance Women's Clubs will convene at Hotel Newburgh, Newburgh, April 15-17. Convention theme will be "Education—The Gateway to Progress."

Nat'l Bureau Exam Report Urges Merit Rating

(CONTINUED FROM PAGE 7)

ten on one policy, particularly, where casualty coverages are included. While the bureau may be able to process coverages within the scope of its present operations, there is no comparable fire organization that can readily cooperate with the bureau on a national level, the examiners state.

If the combinations of coverage increase, as they likely will, particularly on the indivisible premium basis, the matter of premium for the package, the reporting of statistics and the effect such policies will have on rating procedure as now constituted, may require revision in rating organization methods, the report says.

While beneficial from many aspects, multiple line writing in the foreseeable future will create many complications for rating organizations and state insurance departments.

Below are presented in substance the principal recommendations of the insurance department, followed in each case by the comment of National Bureau:

General

The composite rating plan should be modified for more accurate responsiveness to actual conditions of exposure and to remove possible inequities inherent in the plan.

Answer: We are issuing to members and subscribers the following interpretation of the rules governing the application of the composite rating plan:

Renewal ratings shall be based on the survey used for previous rating only if accompanied by a statement from the submitting company to the effect there were no substantive changes in premium distribution as to kinds of insurance or division by states developed during the expiring rating period, and new submissions for rating shall be accompanied by copy of the complete survey used for rate development.

The excess limits tables are established as a percentage increase above basic limits. Therefore, when basic limits premiums are revised it would follow that excess limits premiums should be reviewed and also, if necessary, revised.

Answer: Though it would be impracticable to make a review of the excess limits premiums each time the basic limits rates are revised in order to determine whether there should be a simultaneous revision of the increased limits tables we agree that it would be desirable to make a complete analysis of the excess limits experience periodically. We propose to review the excess limits data for this purpose at least every three years.

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The increased limits tables are generally countrywide in application and are determined from a review of the indications of the countrywide data rather than on a state basis. Furthermore, excess limits experience reaches a mature and settled basis only after many years of development. Accordingly, it is necessary to make specialized studies with respect to such experience data in order to be certain that it is interpreted properly. In the interim between the periodic reviews proposed, it will be logical to assume that the same economic influences and the same other factors affecting claims are at work in connection with the excess limits portion of the coverage as in the basic limits portion. Therefore, the same increased limits tables should continue to apply until otherwise indicated.

We believe the bureau should consider in its statistical auditing system the making of comparison for all its lines between annual statement and experience call figures.

Answer: This recommendation refers in reality only to reports on general liability lines and to the policy year report of premiums on automobiles other than private passenger and commercial non-fleets. Such checks are already made for the other coverages. Thus, the area covered by the recommendation is very limited.

Such checks on automobile liability have been made possible only through our introduction of the experimental calendar-policy year reporting basis for private passenger and commercial non-fleets. It would be extremely difficult and time consuming to effect such reconciliations on the general liability lines as currently reported because:

Not all of these lines are under National Bureau jurisdiction.

The reports to the bureau for these lines are due on a staggered basis.

In many companies difficulties would arise because the policy year experience reports and the accounting statistics are prepared from two different sets of cards.

In all insurers there would be difficulties because of the variation in the valuation dates in the determination of premiums and losses. The task would be at best questionable in value since any differences in losses, for example, would simply be docketed as due to changes in the valuation of outstanding losses, accumulation of actual developments on that body of the experience previously covered in an incurred but not reported provision, and the like.

The necessity for such a check would seriously delay our tabulations, the timing of which is already under criticism.

Automobile

Experience for automobile dealers and repair shops should be compiled by size of payroll groups. A review of garage rates is now under consideration. It is our understanding that this experience will be collected in the future on a periodic basis only as a check on the discounts granted by payroll size group.

Answer: This experience (1) will continue to be collected periodically in the future and (2) will be used as a check on the discounts granted by payroll size group.

The gross receipts rating plan for long haul truckmen should be studied to remove manipulations and abuses to which it is exposed.

Answer: The current procedures for gross receipts ratings which are designed to suit the convenience and needs of such risks avoid the possibility of manipulation or abuse. The accurate records required of long haul truckmen by the regulations of the ICC and state public utility commissions are a further safeguard against improper treatment for rating.

A review should be made of earnings rates for public automobiles to determine if such rates are correct; adopt any safeguards necessary.

Answer: The separate statistics maintained for public automobiles insured on the earnings basis are reviewed periodically for ratemaking purposes. This holds true even though the earnings rates were eliminated from the manual and are determined by means of conversion from the specified car rates, in the same manner as for long haul truckmen.

Standard limits premium statistics should be called for and compiled by the bureau.

Answer: The bureau has made arrangements for such reinstatement as of Oct. 1, 1955. The suggestion that for New York state 10/20 limits be considered as the basic limits has already been studied and it is expected that by the time of the next rate level changes in New York we shall have sufficient information to support such a recommendation.

Consideration should be given to reducing the number of rate territories for private passenger automobiles by combination of territories.

Answer: The bureau is continuing its study of rate territories with the view of reducing the number and realizing uniform territory codes with the National Automobile Underwriters Assn. Many factors which affect rates in various territories require consideration by rating committees and progress is being made along the lines suggested by the department.

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The present restricted insurance market should be eased so that business may be placed through normal company channels.

Answer: There has been definite improvement in the automobile insurance market during recent months due primarily to the more satisfactory underwriting results of the companies and more adequate rates. If this condition continues more and more risks will find a market through normal company channels rather than be forced to resort to automobile assigned risk plans.

Continued study should be made for developing more responsive rating methods rewarding the careful driver.

Answer: The preferred risk rating plan is in effect in New York state and the subject of merit rating is being studied. No workable plan, which would not call for a loading in the rates for all car owners, has been realized thus far.

The recently introduced projection factor in ratemaking should be carefully analyzed to determine its proper validity as revealed by actual developments.

Answer: As a part of the bureau's ratemaking procedure the element of projection is reviewed each year in the light of most recent developments in order to obtain a realistic appraisal of the conditions which have a bearing upon the rates. As the result of such review the actuarial committee makes specific recommendations to the automobile rating committee.

The commercial rate differentials should be reviewed so that they will be in line with current indications.

Answer: The commercial differentials are now under study and will be considered on the basis of the latest experience in connection with the next commercial automobile rate revision.

Miscellaneous classes with rates related to private passenger or commercial rates should be periodically tested to reflect current indications.

Answer: These miscellaneous classes are reviewed each year in order to keep them in line with current indications.

Statistical survey should be made of

the surcharge schedule for risks certified under financial responsibility laws.

Answer: The FR surcharges are reviewed periodically and this subject will again be referred to the automobile rating committee very shortly on the basis of the latest indications.

Assemble data on the results of New York experience rating modifications so that the average rate modification may be reviewed in the light of basic rate level.

Answer: The compilation of such data was discontinued just before the second world war when statistical procedures were simplified and streamlined. It had served no useful purpose and question arises as to what its reinstatement would accomplish. If no actual use is to be made of the results of such a study, we question its necessity.

The experience rating plans, now effective in most states outside of New York, should be made mandatory.

Answer: In New York, where rates are established on the basis of the experience of practically all companies, the mandatory experience rating plan is workable even though detailed and time consuming. In most other states, however, our rates are predicated upon the experience of members and subscribers only and there the free process of competition is in harmony with the regulatory laws with the intent of serving the needs and best interests of the insuring public. It is essential that underwriting judgment and flexibility be maintained under voluntary experience and schedule rating plans so that eligible risks may enjoy adequate protection at the lowest cost commensurate with the hazards and conditions peculiar to the individual risk. A rigid and inflexible experience rating plan in such states would only serve to defeat this desirable result.

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Reconsider schedule rating under experience and schedule rating plans.

Answer: It is reasonable and necessary that the schedule rating elements reflecting management, careful selection of drivers, accident prevention, safety meetings and no-accident awards, etc. be continued as realistic factors in the development of the individual risk rate modification. Sound underwriting judgment based upon years of experience dictates the value of and need for the continuation of these schedule rating elements in order to give recognition to constructive efforts of qualified risks to improve accident records and earn variations from the average manual rates.

Boiler & Machinery

A study should be undertaken with the view to establishing a rating procedure which will develop, independent of the basic limits charges for excess limits, location and portable objects, based on the actual experience of these coverages.

Basic limits object charges should be based only on the experience of basic limits coverage rather than on the basic limits plus most of the excess limits losses.

Answer: Though $5,000 is the minimum limit, it is more realistic to consider that $25,000 is the basic limit and that for limits down to $5,000 the variation in exposure is reflected through reductions in the location or portable object charges. Our procedure has been developed to produce an equitable rate structure upon the basis of this premise.

Under this procedure, provision is included in the location and portable object charges for a portion of the losses between the $5,000 and the $25,000 limits, and the balance of the provision for losses between those limits is included in the basic object rates with corresponding inclusion of losses in the experience used in the determination of such rates. Thus, classifications that do not produce losses above the $5,000 limit have no provision for such in their basic rates; and for the classifications that do produce losses above the $5,000 limit, it is contemplated that the object rates combined with the location and portable object charges produce a proper premium at the $25,000 limit. Losses above $25,000 are reviewed in comparison with the provision for such in the excess limits charges and the location and portable object charges.

To follow the suggestion of examiners would necessitate establishing a multiple schedule of excess limits tables, a multiple schedule of location and portable object charges tables, or both, at least for limits above $25,000. The present development is, therefore, a practicable solution to a problem which would otherwise produce difficult complications.

The expense loading for indirect damage coverages should only include allowance for inspection expense equal to the actual requirement.

Answer: The examiners state that the inspection allowance for indirect damage is 5%, whereas the data compiled for the year 1952 shows the actual requirement to have been only 3.7%. Recently there has been a reappraisal made of the method of reporting indirect damage inspection expenses and, as a result of this, more credible experience should be developed from which to properly determine the inspection allowance.

A reduction in indirect damage rates appears warranted in view of the experience on such coverages during the last ten years.

Answer: This recommendation has to a great degree been taken care of by the recent reduction of 25% in the "valued" and "actual loss sustained with daily indemnity" U.&O. rates and the outage rates. The U.&O. subcommittee is continuing its study of the no-daily actual loss sustained U.&O.

A re-examination of the expense provisions in the loss and expense formula appears required from a com-

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Houston F. & C., General Have Good Year in '54

Houston Fire & Casualty and General of Fort Worth had combined net premiums written in 1954 of $14,816,432, an increase of $2,944,240. Surplus to policyholders of Houston F. & C. increased $1,215,788 to a record $6,821,933, and General's surplus was up $529,790 to $2,568,864. The over-all loss ratio increased from 46.2 to 48.6, while the claim adjustment expense ratio declined from 11.2 to 8.7.

Operating expenses increased from 31.6 to 35.5, and statutory net operating profits from underwriting of the two companies was $243,387 as compared with $162,717 in 1953. The figure does not include allowance for the equity and the increase in unearned premium reserve, the increase being $1,906,894. The investment department had a profit of $736,314.

Assets at year-end were up $3,531,697 for Houston F. & C. to total $17,705,208, and General's assets increased $1,068,300 to $6,224,872.

Vinson Heads IM Unit on Coast for Manhattan F. & M.

Paul Vinson has been appointed manager of the inland marine department on the Pacific Coast for Manhattan F. & M. He has been in insurance since 1946, starting in the inland marine department of Pacific National, and later going with Swett & Crawford as inland marine underwriter. More recently he has been a special agent in the East Bay territory for American.

Exchange Changes Name

Durham, N. C., Fire Insurance Exchange has changed its name to Durham Insurance Exchange because of the variety of services, including casualty, WC, and other insurance, handled by member agencies.

Claim Clinic Draws 117

The claim clinic of Alliance Mutual Casualty of McPherson, Kans., was attended by 117 persons, most of them attorneys and adjusters regularly representing the company in the states in which it is licensed. Also on hand were five home office men from other companies who were interested in a similar type of educational program.

Speakers included Lester Husted of General Reinsurance at Kansas City; Robert Looney, Wichita attorney; John Pierson, Ottawa, Kan., attorney; Robert Foulston, Wichita attorney; Richard Olafson, Minneapolis independent adjuster; Ralph McCallum, general manager of National Assn. of Independent Insurance Adjusters. The program was in charge of A. G. Hawthorne, claims vice-president of Alliance.

The newly organized **Coos Bay** (Ore.) chapter of the National Assn. of Insurance Women has elected Miss Marquetta Durbin as president. Other officers are Mrs. Macie Neal, vice-president; Mrs. Ronnie Sullivan, corresponding and recording secretary, and Mrs. Grace Fitzwalter, treasurer.

Clyde H. Clary is president and manager of a new general insurance firm, West Coast general agency of Portland, Ore. Mr. Clary was formerly vice-president of Seeley & Co. in charge of Oregon operations.

Hurricanes Described to IM Claims Assn.

Hurricanes and the frequency of their visits to the northeastern area of the country were described by J. Henry Weber, *New York Daily News* weather expert, to members of Inland Marine Claims Assn. of New York.

He said that while damages caused by the three hurricanes in 1954 induced the public to believe hurricane frequency in the area is on the increase the storms actually do not establish the area as a "hurricane alley" but do bear out past records establishing the fact that the area can anticipate an occasional hurricane just as can any other portion of the eastern seaboard.

Mr. Weber said that so far as is known the current nuclear explosions of atomic and hydrogen bombs have no apparent effect on the existence nor frequency of hurricanes.

He used charts to explain hurricanes Carol, Edna and Hazel and pointed out the number of tropical storms charted in 1954 was not a record. In 1933, 21 were observed and all developed into fullfledged hurricanes.

R. I. Agents Push Controlled Business Bill

Rhode Island Assn. of Insurance Agents has asked the legislature to support bills denying state licenses to brokers and agents whose chief insurance activity is writing up controlled business. Legislation introduced in both bodies of the legislature specifically does not interfere with automobile dealers who write insurance on cars they sell on the installment plan.

Fight 1% S. C. Auto Tax

A major fight is looming in the South Carolina legislature over the proposed additional 1% tax on automobile premiums. Company forces are vigorously fighting the bill and have requested South Carolina Assn. of Insurance Agents to assist them in the fight.

The proposed tax is to provide funds for the state police retirement fund and to establish a school for police officers. Neither the companies nor agents object to the establishment of the retirement fund, but object to the discriminatory method of taxation provided by the bill.

Want No VA Exclusion in Mich.

A bill in the Michigan legislature would prohibit issuance of an A&H policy containing an exclusion for coverage when the insured incurs expenses in a government hospital. This is an outgrowth of the question of coverage when an insured is treated in a veterans administration hospital.

Quick, Stone Receive New Posts

American Mutual Liability has appointed H. Lawrence Quick as district sales manager at Reading, Pa., and Herbert T. Stone as branch sales manager at Cleveland. Mr. Quick joined the company in 1943 and served in Reading, Easton, Pa., and Cleveland where he was branch service manager. Mr. Stone has been in the Baltimore office.

William K. Ahsmuhs has joined Dulaney, Johnston & Priest agency at Wichita as rating engineer. He has been with Oklahoma Inspection Bureau for four years.

Insurance Women's Assn. of Fort Wayne has elected Mrs. Eula Raines president, La Verne Winter vice-president, Mrs. Betty Fingley recording secretary, Mrs. Freida Sumner corresponding secretary, and Mildred Claussen treasurer.

A representative of the income tax office addressed the March meeting of **Insurance Women of Austin**, Tex., on how to fill out an individual tax form.

Farm Bureau Policy Combines Auto and CPL

Farm Bureau Mutual Automobile of Columbus has brought out a combination automobile and comprehensive personal liability policy which is designed to meet the liability insurance needs of an average family and sell at a rate below the price of the major coverages if sold separately.

Aside from the standard automobile contract and the regular coverages under CPL, Farm Bureau has added provisions to cover fire damage to a house the policyholder rents, liability arising from bodily injury to persons visiting the site of a home he may be building, injuries to persons at his place of employment, and accidents to visitors in a school, studio or office contained within his home. There is also provided a medical payment endorsement for each of the added coverages.

The new policy is being sold in Connecticut, Vermont and Rhode Island, and will be introduced in other states.

In the automobile policy, medical payments have been extended to cover children of the policyholder.

Have Booklet on Expanding Product Damages Liability

(CONTINUED FROM PAGE 17)

claim files and reported cases related to aviation risks produces some surprising information because of the great variety of events which end in accidents. A brief examination of the facts in cases involving airframe and parts manufacturers, repairers and others may be helpful to give an insight into the range of issues that have to be considered when a products dispute arises.

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In a Michigan case the jury awarded a passenger substantial damages when it found that an aircraft's destruction by fire had been caused by negligence in the design of the plane. Plaintiff claimed that the manufacturer was negligent in two respects: (1) in designing exhaust stacks that were too short to permit exhaust gases to clear the fuselage sufficiently, and (2) in placing the carburetor drain too close to the exhaust stacks.

The judge instructed the jury that even though the airplane design was in accordance with standard and accepted practice, the existence of such a practice was not conclusive that one who followed it was free of negligence.

The manufacturer's obligations extend beyond those with whom it has a contractual relationship. Pilots, passengers and others within the vicinity of the plane's use may have a cause of action if the manufacturer is negligent. The reasons for this are stated in a case involving an action by a pilot against a company which manufactured and later repaired the airplane in which the pilot was injured. The court said:

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"While the airplane manufactured or repaired is not an inherently dangerous vehicle, it was designed, manufactured and repaired to fly in the air, and unless it is made or repaired without mechanical defects it becomes a thing of danger to all in the range of probable foreseeability. It is not unreasonable to anticipate or foresee that the plane would be flown by someone other than the immediate purchaser and owner. Indeed, under this complaint it is apparent that appellee knew, or had reason to know, that the plane would be flown by this particular appellant, and that he relied upon Beech's inspection and repairs. It follows that under the allegations of the complaint the appellant was within the range of appellee's duty to exercise ordinary care in the manufacture or repair of the plane."

In an action arising out of a plane crash near Mount Carmel, Pa., the plaintiff recovered a judgment against both the airline and the aircraft manufacturer. The manufacturer's liability was based on plaintiff's claim that it had failed to make sufficient tests and to provide adequate warning in its instruction manuals of the possibility of accumulation of dangerous amounts of carbon dioxide in the cockpit when the gas was used in fire fighting during flight. In this case the jury awarded the passenger's widow $300,000 in damages. This amount was later held by the trial judge to be excessive and was reduced to $160,000.

In a New York case suit was brought to recover damages for the death of a member of the naval reserve who was accidentally ejected with the gunner's seat into the ocean from an aircraft designed and built by the defendant. It was alleged in the complaint that the defendant was negligent and careless in the preparation of drawings and blueprints for use by navy maintenance people and that the seat was reassembled improperly because of reliance on the erroneous instructions. The defendant's motion for judgment dismissing the complaint for failure to state a cause of action was denied and the order denying the motion affirmed by the appellate court. This was not a trial on the merits of the case. But the significance of the decision lies in the holding that a member of the armed forces may have a cause of action

against a civilian contractor to recover damages for an injury sustained in the line of duty.

Following an accident in which it was found that a wing had failed in flight, the operator sued the aircraft manufacturer alleging negligence in the design and manufacture of the wing. The damages which were claimed included not only the losses resulting from the destruction of the aircraft that was involved in the accident but also the losses resulting from the grounding of the operator's fleet of similar planes. The jury returned a verdict for the defendant, which the plaintiff has appealed.

Another claim arose out of the following facts: As an aircraft was put into a right spin at 3800 feet by a student pilot, the upper left third of the windshield broke, one piece causing the loss of the pilot's eye. Recovery was made from the spin and a forced landing executed without further damage. The flight school, the airplane builder, and the company supplying the plexiglas windshield all became concerned in the ensuing controversy. Investigation established that the windshield was made and installed to approved standards or better, and there was no evidence of any foreign object striking the glass. The manufacturer, without admitting responsibility, issued a service bulletin in which recommendations were made to strengthen the windshield attachment. The claim was disposed of by compromise.

A Minnesota case arising out of the crash of a private plane in Canada fastened liability for the damages which occurred on the manufacturer of a fuel pump. The fuel pump was purchased by the plaintiff from an airplane service company and installed in his plane. Some months later the engine failed on the climb-out after takeoff, with resulting crash damage to the airplane and injury to the plaintiff. The U. S. court of appeals affirmed a jury verdict in favor of the plaintiff and held that the evidence tended to establish that there were defects in the construction of the pumps and that the tests of fitness of the pumps were inadequate. The failure of the pump from these deficiencies was held to be the proximate cause of the accident.

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A crash landing at Havana, caused by failure of the landing gear resulted in a lawsuit against the manufacturer of the aircraft and a component parts manufacturer. It was charged that the nose gear actuating cylinder had been improperly constructed, resulting in the collapse of the nose gear when the piston rod became disengaged from the piston head and prevented the locking of the gear in the down position. The plaintiff, in this case the owner of the aircraft, obtained a substantial settlement.

A similar problem arose in connection with an aircraft which made an emergency wheels-up landing at Accra, Africa, after the crew had found that the nose gear could not be fully extended. The damage to the aircraft amounted to about $100,000. In a suit by the operator against the airframe manufacturer and a component parts manufacturer it was alleged that the piston of the nose gear actuating cylinder had not been manufactured in accordance with the drawings, with the result that the piston became seized within the cylinder. After two years of litigation, the operator succeeded in obtaining a substantial payment in compromise of the claim.

A Connecticut case involved the crash of an airplane owned and operated by United Air Lines near Cleveland, resulting from fracture and breakage of the number three cylinder of the right engine, and actions were brought against the air carrier and United Aircraft Corp., which manufactured and sold the engine to United Air Lines. Since the engine manufacturer had purchased the cylinder barrel forging of the cylinder from Bethlehem Steel Co., United Air Lines was granted leave to serve a summons and third-party complaint upon the steel company, in which it was alleged that the death of the passengers and destruction of the airplane were due, among other things, to the negligence of Bethlehem Steel Co., in the manufacture of the forging. After a bitterly contested controversy, but before the case was submitted to the jury, the defendants reached an agreement on a basis for participation in the settlement of the cases.

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Companies whose work includes overhaul and repair are not immune from the products hazard of defective work operations. Pursuant to the terms of a contract with an operator of a fleet of aircraft, a company overhauled a large number of airplane engines. One engine failed in flight at 105 hours after overhaul because of a piston fracture at the gudgeon pin boss resulting from excessive wear in the bore. The investigation isolated the problem as excessive gudgeon pin boss bore wear caused by the presence of flats on the gudgeon pins. Further inquiry produced the information that, contrary to established cleaning process, a workman employed an abrasive buffing compound quite capable of producing the gudgeon pin flats. Fortunately, prompt action to locate and correct all suspected engines prevented what might well have been a series of disasters.

In a New York case suit was brought against a repairer by the owner of an airplane to recover its value and the amount paid in settlement of death claims after the plane crashed because of a fatigue crack in a propeller hub. The defendant had been hired to make a complete inspection of the plane including the propellers and to recommend maintenance work which was to be performed following approval by the owner. The repairer was held negligent in failing to discover and to report to the owner the existence of tool marks in the hub which eventually caused the hub to fail, and the repairer therefore had to bear the losses arising out of the crash. Judgment was entered against the defendant for more than $120,000, including interest and costs.

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In another case a pilot took off in a single engine aircraft on a passenger charter flight. The airplane was forced down on the water when the engine failed and the pilot and his passengers were drowned. There was some evidence to suggest that a broken valve stem was the proximate cause of the accident. At various stages of the resulting claims and lawsuits the airframe builder was involved, the engine manufacturer was brought into the case, a manufacturer of valve stems was made a party and a suit was also brought against the aircraft service company which had contracted to perform the last 100-hour inspection. The court overruled the service company's objection to jurisdiction and held that suit for the pilot's death could be maintained under the death on the high

seas act for its alleged negligence in failing to discover the defect which was claimed to have caused the accident.

All of these cases have dealt with accidents arising in connection with aviation, but the principles of law applied to the fact situation in a so-called "airplane case" have developed through the years in controversies wholly unrelated to aircraft, their components and accessories. Legal principles and concepts which had their first application to horse-drawn vehicles have continued to be developed and expanded by the courts in keeping with industrial progress and are now in many instances capable of being applied to railroads, threshing machines, automobiles, airplanes, machine tools and appliances of every sort.

As an illustration of the manner in which legal principles may be translated from an entirely different field so as to apply to the liability of an aircraft manufacturer, it was said in a 1938 case arising as the result of a fatal airplane accident:

"The charge of negligence against the airplane company is apparently predicated upon a principle of law applicable to the purchase of new automobiles, which principle, in so far as it applies to such automobiles, has become established in this country. It is that the manufacturer of an automobile is liable to the ultimate user of the vehicle for defects in its construction.

"The liability is not based upon a breach of warranty, expressed or implied, but upon the theory in tort that 'The manufacturer of an article not inherently dangerous when put to the use for which it is intended owes to the public the duty of employing care, skill and diligence to see that it is reasonably fit for the purpose for which it was intended' and to discover any defects of a character calculated to cause injury. This applies to the purchase of new airplanes."

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Historically, the most important case in establishing the principle governing the liability of the manufacturer is MacPherson vs Buick Motor Co. The late Judge Cardozo wrote the opinion, which held that an automobile manufacturer was liable to the ultimate purchaser for injuries sustained by him when a defective wooden wheel collapsed while the car was in use. Prior to this time the general rule was that the manufacturer was not liable in negligence to the ultimate purchaser or user of the product where the person injured was one with whom the manufacturer had no contractual relationship. One exception to this rule was the case of inherently dangerous articles such as explosives, poisons and deadly weapons. Here the manufacturer was held to have a duty towards the ultimate user. Judge Cardozo broadened the exception and converted it into the general rule, saying:

"We hold, then, that the principle of Thomas vs Winchester is not limited to poisons, explosives, and things of like nature, to things which in their normal operation are implements of destruction. If the nature of a thing is such that it is reasonably certain to place life and limb in peril when negligently made, it is then a thing of danger. Its nature gives warning of the consequences to be expected. If to the element of danger there is added knowledge that the thing will be used by persons other than the purchaser, and used without new tests, then, irrespective of contract, the manufacturer of this thing of danger is under a duty to make it carefully."

The rules of law laid down in later cases have been largely extensions and refinements of the general principles stated by Judge Cardozo in the MacPherson vs Buick case.

The time which elapses between the sale of the product and the occurrence of an injury may be an important factor in determining whether the injured party will be able to hold the manufacturer for damages. The courts recognize that all products wear out eventually; as one court put it: "No one imputed negligence to the maker of the one-horse shay when it finally broke down." Two cases involving almost identical injuries illustrate this principle.

In one case arising in a federal court in Minnesota plaintiff attempted to recover for injuries sustained when the cover of a threshing machine, which his employer had recently purchased, collapsed and his leg was mangled. Recovery was granted on the theory that the machine was in an imminently dangerous condition when shipped to the owner. In a later case involving an almost identical fact situation recovery was denied. The court said:

"The most serious and obvious reason against appellant's right of recovery is the fact that the injury did not occur until after five years use of the machine, and during that time operators had stepped on and walked over the covering in safety, as the complaint expressly admits. These facts, it seems to us, are a conclusive denial and contradiction of the allegation that the machine was imminently dangerous to life and limb when defendant sold it."

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However, an Illinois court has indicated that in certain situations a manufacturer may be liable for damages because of a condition that develops after the product has been in use for a considerable period of time. The court had to consider whether a complaint against the manufacturer of a gas refrigerator stated a cause of action upon which the plaintiffs were entitled to a trial. The complaint alleged that the gas flame device on the refrigerator had a tendency to become encrusted with carbon, that this increased the generation of carbon monoxide, and that plaintiffs were overcome by the gas. The court held that even though the refrigerator had operated satisfactorily for a considerable period of time, plaintiffs were entiled to a trial on the merits.

The manufacturer of the chassis for a semi-trailer was sued by both the owner and the driver of the gasoline transport, of which the semi-trailer was a part, after the axle broke, causing the transport to overturn in a ditch. The axle, which had been installed but not forged by the defendant, contained a defect consisting of an irregularity in the grain of the metal and a crack on the upper surface of the axle. The court held that the defendant had a duty to inspect the axle for hidden defects such as would have been revealed by magnaflux or other customary methods, and that the defendant was liable for its negligent failure to discover the defective condition of the material.

The fact that the owner of the product purchased it second-hand does not necessarily bar recovery. Thus, in Wisconsin the seller of a second-hand automobile was held liable to a pedestrian who was struck immediately after delivery of the car to the buyer because of a defective brake.

Ordinarily, if the plaintiff's own negligence contributed to his injury, he

is barred from the recovery of damages from another party whose negligence also was a cause of the injury. This rule would govern a suit against a manufacturer. However, a leading Michigan case permitted the plaintiff to recover damages from the manufacturer for an injury which he received when his head struck a jagged piece of steel along the welded joint in the top of his automobile resulting from having run off the road into a ditch, even though the evidence showed that the accident was caused by the carelessness of the driver. The court held that the defendant's advertisements stating that the roof was seamless and made from a single sheet of steel constituted a warranty to the ultimate purchaser of the product and that contributory negligence was no defense to an action for breach of warranty. The only remaining problem was one of causation, and the court held that if the defendant's representations had been true, there would have been no welded seam, no jagged edges, and no consequent cutting of the plaintiff's scalp.

A Washington case suggests that the manufacturer who is actually ahead of the industry in developing safety features may find himself bearing a loss for which he would not be liable if the safety feature had been omitted from the product. In 1930 plaintiff purchased an automobile with a windshield which was described in advertising literature as made of glass which would not shatter under impact. While plaintiff was driving the car a pebble hit the windshield causing small pieces of glass to fly into his eye. In the ensuing lawsuit the state supreme court reversed a judgment for the defendant and held that the manufacturer would be liable if its failure to equip the windshield with glass as safe as described in the advertising literature was the cause of the injury.

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The purchase agreement, whatever form it may take, can have an important bearing on the course of claims and litigation. Contracts for the sale of products are by no means uniform, and the original agreement must therefore be studied carefully, together with amendments and change orders agreed to between the buyer and the seller. A manufacturer may attempt to limit his liability by a provision that there are no obligations or liabilities other than those expressed in the warranty. It is frequently provided that the manufacturer's obligation is limited to the repair or replacement of parts which do not meet the standards of quality or condition described in the warranty, and that in any event the warranty shall terminate after the product has been in use for a prescribed period of time. In the case of aircraft products this limitation is commonly expressed in terms of an agreed number of service hours, after which the manufacturer is no longer required to repair or replace defective parts.

Warranty limitations have generally been enforced by the courts according to their terms where the parties have dealt at arm's length in entering into the contract. From this the unwary might conclude that exculpatory provisions in contracts of sale remedy a large share of their claims problems. Unfortunately, the difficulty cannot be solved so easily. In the first place, contractual limitations on the manufacturer's liability are effective, except in rare instances, only between the buyer and the seller. Airline passengers and their personal representatives are not under any similar disability to bring suit directly against the manufacturer; neither are other remote users, nor

B Service Guide

those injured in the vicinity of the product's use, such as persons on the ground who suffer injury to themselves or their property where an accident has resulted from the faulty manufacture or repair of an aircraft. There are numerous examples of such claims.

Even with respect to claims made by the immediate purchaser, contract provisions limiting liability for breach of warranty do not always have the protective effect which the manufacturer or seller hopes to obtain. In such instances the courts have shown a tendency to interpret such provisions strictly against the person who seeks to shelter himself under the language of the exemption. For example, in a Massachusetts case the manufacturer of a machine which failed to operate properly with resulting serious burns to the claimant, who had leased the machine directly from the manufacturer, attempted to rely upon the provisions of a warranty relating to defects in material and the manufacturer's agreement to make good such defects at its factory. It was further provided that the warranty was to be "expressly in lieu of all other warranties, expressed or implied, and of all other obligations or liabilities on our part." The court said:

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"The defendant's contention that its warranty absolved it from liability for the injury done by its negligently defective machine cannot be sustained. It requires clear and explicit language to absolve a person from liability for his own neglect."

In another case the contract of sale provided that "Seller makes no warranty of any kind, express or implied, except that the materials sold hereunder shall be of seller's standard quality." In view of this disclaimer of any warranty, the court said, "If the plaintiff can recover at all it can only be on the ground of negligence." Presumably, a recovery by the purchaser based on negligence might have been allowed in that case, had not the contract contained an additional sentence in which it was provided that "buyer assumes all risk and liability whatsoever resulting from the use of such materials." The court held that this language was sufficiently broad to embrace a claim for damages resulting from negligence and that the buyer could not recover.

A further question to be considered where suit is brought by the immediate purchaser is whether the exculpatory provisions in the contract are sufficiently broad to cover not only negligence in original manufacture but also negligence in making any repairs or modifications which the manufacturer may be called upon to perform under the terms of the warranty. The point can be one of great importance to the manufacturer, and this is particularly true in the aircraft industry where the necessity for making modifications in newly developed products has come to be the rule rather than the exception. This question was raised in a New York case in which it was alleged that negligence on the part of the manufacturer in performing certain modifications had been the cause of an airplane accident. The court stated that the contractual limitation of the manufacturer's liability for breach of the warranty "does not appear to restrict also the scope of its liability for improper or defective modifications or repairs it might make under its warranty."

In general, the principles governing the determination of the amount of damages which may be recovered from a manufacturer or seller or repairman in consequence of his negligence are

(CONTINUED ON PAGE 35)

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WANTED — FIELD MAN

Progressive mutual company desires field man, not over 35 years of age—for Wisconsin—experienced in automobile and other liability lines—to service present agents and prospect for good qualified agency appointments. Salary commensurate with experience and ability. Hospital and retirement benefits. Replies strictly confidential. Give full personal history, experience and education. Address D-92, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

UNDERWRITER

Fast expanding Illinois Stock Company has opening with excellent opportunities for underwriter of plate glass, liquor liability and general casualty lines. Age 25 to 35. Should have knowledge of Cook County. Modern office—5 day week. Salary above average. Write details, experience, references, etc.: S. R. Virco—

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A-1609 Insurance Exchange Bldg.
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Unusual opportunity. Give résumé of Background and qualifications. Replies confidential. Box E-6, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

no different from principles applicable to the ordinary action based on tort. They include not only damages resulting from personal injuries, deaths and loss of property, but they may also in some instances include the losses of profit resulting from the interruption or suspension of the claimant's business during the period while repairs and replacements are being made to the property damaged or destroyed as a result of the casualty. As one court has said:

In one recent case the appellate court ruled that the airplane owner was entitled to recover the reasonable costs of repairs to the plane, the loss suffered from being deprived of its use for the period of time reasonably required for the making of repairs, and the loss of profits through a contemplated sale of the plane. In another case the owner of a DC-3 which was struck by another plane at the New Orleans airport was successful in recovering not only the cost of repairs but loss of profits on a contracted commercial flight scheduled for the day following the damages for his loss of earnings during the 45 days while the necessary replacement parts and material were being obtained and repairs effected.

Report on National Bureau Suggests Merit Rating

(CONTINUED FROM PAGE 27)

parison of actual expense with those provided by the formula.

Answer: The rating program committee is now reviewing the expense provisions in the boiler and machinery loss and expense formula.

Burglary

Immediate revision of residence theft rates are clearly indicated with substantial reductions indicated for some territories on inside theft. All other rates for the various coverages should be carefully reviewed for possible rate modifications.

Answer: This is a matter which was under consideration by the burglary rating committee last year and on which work ceased because of the position of the bureau staff that any revision coming so soon after the promulgation of the comprehensive dwelling policy would disturb the rate structure of that policy and so should be deferred until the 1953 experience is available. As soon as the 1953 experience is available the burglary rating committee can consider this matter.

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Further study should be made of the relationship between "theft away from premises" before and after the exclusion of theft from unattended automobiles with consequent adjustment to eliminate any remaining inequities.

Answer: Such a study will be made when additional experience becomes available through reinstatement of detailed coding as provided for in the approved statistical plan.

Rates for classifications or groups within sub-lines are established by use of tables of relativities. These tables have not been revised for many years and appear to need revision. This should be done before the next revision.

Answer: The suggestion has been accomplished for mercantile open stock, mercantile safe burglary, interior robbery and money and securities broad form policies and will be reflected in the forthcoming revision of the burglary insurance manual.

A review should be made of the assignment of classifications of risks to trade groups under mercantile open stock.

Answer: This has been accomplished and will be reflected in the forthcoming revision of the open stock section of the burglary insurance manual.

General Liability

The suggestion made in the last report that the bureau consider adoption of a system for elevator inspection similar to its plate glass inspection service would appear to be even more urgent now.

Answer: The same objections which applied to adoption of such a system in the past apply with equal force today. Elevator inspection services should be considered as an individual company matter. In this respect elevator liability insurance differs distinctly from plate glass insurance.

To remedy this situation, it is suggested that a study be made of the classification system with the view to possible revision or reduction in number so that credible statistics may be reported for the various classes.

Answer: The matter of classification consolidation is under continuous consideration but the adoption of changes must be coordinated with general rate revisions as both bodily injury and property damage are involved. This means that consolidation of certain classifications may be in order for bodily injury liability insurance and cause no rate disturbance, while the same consolidation for property damage liability would cause considerable rate disturbance and hence be deemed wholly inappropriate.

It is recommended that where loss ratios for the various lines are unreasonably above or below the permissible loss ratios established rate revisions for such coverages be initiated by the bureau.

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Answer: The bureau has followed the procedure for some time of reviewing the experience for the various general liability lines of insurance, both bodily injury and property damage liability, as such data become available. Such review is made for rate revision purposes and is not confined to those lines for which the experience has been particularly favorable or unfavorable.

Glass

Relief could be given insured by careful consideration of the possibility of reducing the production cost allowance of 35% on New York risks to the countrywide allowance of 30%. Limited relief was given by the introduction of the premium discount plan, but this only affected the larger risks that also get the benefit of experience rating. The smaller or average risks with premium of $100 or less do not get any relief from either the premium discount plan or the experience rating plan.

Answer: This is a subject that has been considered on several occasions by the glass rating committee. It is believed that it would be unwise for the bureau to force the issue. In discussions with representatives of New York producer organizations we have found them opposed to this change.

As glass insurance rates are revised to a great extent on the basis of the latest replacement costs, it would be more appropriate to use the latest year or two of experience, if the loss ratios are more favorable, than those of the five year period, thereby avoiding a too severe increase.

Answer: This suggestion would appear to be introducing a bias that we do not presently have in the formula that has been used in the last few years.

Statistical test should be made of the premium discount plan with consideration to size of risk, modified expense loadings, and effect on general rate structure.

Answer: As pointed out in the body of the report, New York is the only state that has a glass premium discount plan. The discount plan was introduced to accomplish a reduction in production cost allowance without modification of the allowance contained in the manual rate structure. It would seem pointless to incur the expense of statistical tests to determine the exact amount of the resulting reduction.

Book Shows Investment's Role in Insurer Strength

(CONTINUED FROM PAGE 13)

measure of insurance exposure. As a measure of investment exposure, he uses the relationship of the more widely fluctuating assets (equity investments) to policyholders' surplus.

It is his belief that an insurer with a 5 to 1 insurance exposure ratio should have absolutely no exposure on the investment side because a combined loss and expense ratio of more than 100 and a decline in the stock market could produce insolvency. A company with an insurance exposure of 2 to 1 might desire to follow a conservative investment course. He then presents the insurance ratio and investment ratios of some of the leading insurers. The strongest companies in this tabulation from the point of view of capital funds to earned premiums are the old line, predominantly fire insurers. These companies, however, he points out, now write a well balanced business. They would thus seem to be best equipped to take moderate risks in investment management and as a class they do.

He discusses the generally efficacious earnings results of writing multiple lines, spreading the risk, and reinsuring, and shows the effect of conditions in security markets on insurance company portfolios.

Such things as a vastly increased supply of U. S. government bonds have influenced the structure of insurance company portfolios. The spread between governments and corporates has narrowed to a point where investment managers have little or no incentive to buy the latter when risks are considered.

He devotes some pages to an analysis of portfolio patterns of Federal, Glens Falls, and Founders, which he regards as "bond companies", those that emphasize liquidity in investment policy. He discusses these patterns in relation to the insurance exposure of each company. He also treats the portfolio of two stock type companies, that is companies which are regarded as strong on the common stock position. These are North America and Firemen's of Newark.

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He concludes that the fire and casualty business has given a most outstanding account of itself both in stability and growth for 100 years. It has met its challenges and has grown in strength. The source of this success has been the business' ability to spread insurance risks over a wide base to allow for a true working of the law of averages, resulting in excellent profit margins over a long period. Portfolio policy, however, has been an integral part of insurance operations and an important contributor to the present strength of the business.

He admits that many companies in the business today face a dilemma. Not all possess large capital funds in proportion to insurance risks assumed, yet want to build capital funds to a position more in line with the increasing multiple line business they must do to meet competition. They cannot enhance capital funds through the greater yield and perhaps appreciation possibilities of equities. The only other source of capital is from stockholders. Because investment income and dividends have been kept modest, additional capital must be raised at rather large discounts from liquidating value, which is not a very satisfactory arrangement from an insurance company point of view. Naturally the strong companies possess a great deal more flexibility. He believes internal generation of capital funds is always the most satisfactory financing arrangement for insurers.

Mr. Middendorf also believes the insurance company investment man is entitled to greater recognition. His role has grown, and the real importance of the investment function has sometimes been overlooked by managements made up largely of underwriting men. The opportunity for one management to distinguish itself as compared with another can perhaps be much greater in the investment department than in the insurance department, he writes.

State Farm Mutual to Build in Bloomington

Directors of State Farm Mutual Automobile of Bloomington, Ill., have approved construction of a new office building for the group on East Oakland avenue between Mercer avenue and route 66 in Bloomington.

Construction will begin in 1957, and it is planned to have the building house more than 400 of the Bloomington staff. The new building will have 90,000 square feet of working space, and will be about twice the size of the company's average branch office.

Principally, the new office will house all of the operating divisions of the automobile company that will have permanent headquarters in Bloomington, and will also have operating units of State Farm Life and State Farm Fire & Casualty. The home office building in Bloomington will continue to house the general headquarters of State Farm Mutual and State Farm Life. State Farm F. & C. has its own home office at 108 East Market street.

F. & D. Advances Burgoon in Contract Division

Norman A. Burgoon Jr. has been promoted from associate manager to manager of the home office contract underwritng department of Fidelity & Deposit and American Bonding. He has been with that department since joining the two companies in 1935, and served as an underwriter before his promotion to associate manager in 1948.

Fire & Casualty Notes Jump in Assets, Surplus

Assets of Fire & Casualty of Connecticut increased by $1,262,677 to $5,962,184 in 1954, while policyholders' surplus amounted to $2,120,424 at the year end, an increase of $510,147. Net premium income was $2,949,779. The earned loss ratio was 50.7%.

N. J. 1752 Club Elects

New Jersey 1752 Club has elected Peter Bouska of Lumbermans Mutual of Ohio, Berkeley Heights, president; J. Preston Martin of Cosmopolitan Mutual, Newark, vice-president; Thomas Brassil of Lumbermans Mutual Casualty, Philadelphia, treasurer; and James H. Hillman Jr. of Lumber Mutual Fire, Philadelphia, secretary.

Herold Advanced at Cleveland

Lester Herold has been named president of MacGibney agency of Cleveland. He has been in the business for 18 years, for the last two with MacGibney-Grupe at Chicago.

Credit Bill Advances in Ore.

SALEM, ORE.—The house has passed a bill giving specific authority to the commissioner to regulate the sale of credit life and credit A&H.

Savings Banks Buyers Plan Upstate Forum

Savings Banks Insurance Forum of New York State will hold its annual convention April 14 and 15 at Hendrick Hudson hotel, Troy.

Speakers at the morning session the second day and their topics will be John Danko, manager of insurance, Central Savings bank of New York City, "Bankers Blanket Bond and Agents Rider"; John B. Walker, assistant superintendent of inland marine department of America Fore group, "Are There Booby Traps in Your Insurance Program?", and William F. Owens, supervisor of Emigrant Industrial Savings bank, "Errors and Omissions Coverages."

In the afternoon, "Insuring the Whole Collateral" will be discussed by Harry Perlet, general manager of Interbureau Insurance Advisory Group.

Members of a panel will be Mr. Owens, Vincent A. Carroll, assistant secretary of Jamaica Savings bank; Clarence W. Herold, assistant manager of South Brooklyn Savings; Ellsworth F. Keppeler, assistant secretary of Buffalo Savings; Charles S. Purvis, manager of East River Savings, and Thomas F. Glavey, second vice-president of Chase National, who will serve as moderator.

N. C. Extends License Renewal Date to July 1

The date for renewing company licenses in North Carolina has been changed from April 1 to July 1 by newly passed legislation backed by Insurance Commissioner Gold. Annual reports and applications for licenses renewals still must be filed by March 1. Commissioner Gold asked for the change in date because he found the 30-day period between filing and relicensing gave him too little time to examine the reports.

Wolverine Agent Advisory Group Has Annual Parley

BATTLE CREEK—Wolverine played host at the home offices here recently to its agents' advisory committee. The company set up the committee in 1946 and credits several suggestions for new coverages to meet specific needs to the program. Approximately 20 agents are called yearly into the home office for the conferences, directed by Harold Moore, vice-president in charge of sales, and his assistant, William Traver.

Mutual Crop-Hail Adjusters to Meet at Des Moines

Approximately 250 crop-hail claim adjusters from 14 states are expected to attend the annual meeting of Midwestern Crop-Hail Adjusters Assn. at Des Moines April 29. This is the mutual group of which F. W. Benson of Farmers Mutual Hail is president and M. D. Morgan of Square Deal is secretary.

The program will include talks by Dr. I. P. Krick of Water Resources Development Corp. of Denver; Professor C. R. Weber of Iowa State College, and several members of the department of agronomy at Iowa State.

George S. Behrendt has been elected president of the *Behrendt-Levy* agency of Los Angeles to succeed I. O. Levy, who is retiring but will continue as consultant and adviser. The new president is the son of the late Sam Behrendt, who formed the agency with Mr. Levy.

George Timm & Co. agency of Kenosha has moved to newly remodeled quarters on the ground floor at 716 58th street.

EDITORIAL COMMENT

Growing Concern over Federal Threats

More and more people are becoming aware that the federal government is expressing a hungrier interest in the insurance business today than ever before. Even the life insurance business has become alerted to the threat to state supervision—and, what is more important, to the dangers of federal regulation.

Speaking at Columbus this week, to the general agents and managers conference of National Assn. of Life Underwriters, Claris Adams, executive vice-president and general counsel of American Life Convention, called attention to three recent developments which give those who support state supervision cause for concern. These are the FTC cases against A&H companies for alleged false advertising, critical comments against A&H companies for alleged false advertising, critical comments by Sen. Ives' subcommittee on group insurance practices by some companies in the union welfare field, and the Senate judiciary committee's questioning of the efficacy of state regulation and suggesting the possible repeal of public law 15 because of alleged improper practices in the credit insurance area.

Mr. Adams stated that he is convinced that with perhaps one or two exceptions, none of the A&H companies cited by FTC deliberately made false statements in their advertising, nor made statements intended to deceive. There is no implication that these companies have not provided a dollar's worth of benefit for every dollar in premiums paid.

The culpability of insurers for maladministration of union welfare funds has been exaggerated and overemphasized, Mr. Adams declared. The insurance aspect of this question should be handled at the state level before the broader issue becomes critical. The best defense against federal regulation in any area is adequate state supervision.

The subcommittee on credit insurance declared in its report that it would not forever accept attempts at regulation as a substitute for the regulation of the insurance declared in its report and that it would not forever accept attempts at regulation as a substitute for the regulation of insurance business by the states. "The patience of the federal government with those who would abuse the good name of insurance will some day come to an end."

Mr. Adams answers the implied question, which is heard more and more today in insurance circles, "Well, why not federal supervision?" Admitting that state regulation is uneven, Mr. Adams declares that the average of competence and the degree of integrity is high; results compare favorably with those of any type of business supervision in any important area at any level of government.

"There is no infirmity inherent in state supervision which would not be implicity in federal regulation," he declared. "There is no greater fallacy than the assumption that the transfer of power to Washington produces perfection."

He goes on to point up the dangers of regulation by a single all powerful supervisory official. State supervision has permitted individuality, experimentation and competition, he said. There is strength as well as safety in multiple supervision. Conflict has been resolved by the voluntary organization of National Assn. of Insurance Commissioners.

Continuing the subject beyond the limits of Mr. Adams's talk, note that the nudging of the nose of the camel has come from the administration itself (in the health reinsurance bill and the projection of a model workmen's compensation bill for the states by the Secretary of Labor), from federal agencies (the FTC), and from the legislative branch (as is reflected in the discussion by Mr. Adams, above).

It should also be pointed out that the surge of interest by the federal government has come in what could be called a Republican administration. This should make it clear, if it is necessary to clarify the point, that what the insurance business has to fear is not the Democrats or Republicans as such, but government, bureaucratic government itself.

PERSONALS

Frank E. O'Brien, vice-president of America Fore group, this month became a member of the Old Guard, America Fore's designation for employes with 25 years of service. In honor of the occasion he was given a testimonial dinner by more than 100 fellow officers and business associates. Mr. O'Brien entered the business in 1920 as a member of Travelers agency development staff at Philadelphia. He joined Fidelity & Casualty, a member of America Fore group, in 1930 as assistant superintendent of agencies and in 1934 was made secretary. He became vice-president in 1944 and vice-president of the group five years later. In 1954 he was elected a director of Niagara Fire.

Frank E. O'Brien

Arthur D. Cronin, Boston agent, has been named to the executive committee of Massachusetts Committee of Catholics, Protestants and Jews.

John H. Mathews, assistant manager of Hartford Accident's southern department at Atlanta, is celebrating his 25th anniversary with the company this month. He was employed in the liability and payroll audit departments at Atlanta before being made a special agent in 1942. He was named manager at New Orleans in 1950 and was promoted to his present post in 1952.

Walter S. Taylor Jr., who was reported last week as being named new general counsel of Maryland Casualty, graduated from John Hopkins and earned his LL. B. degree at the University of Maryland law school in 1922. He joined the company as an attorney specializing in mortgages, transferring to the legal division in 1942. He was made assistant general counsel five years later.

W. S. Taylor, Jr.

THE NATIONAL UNDERWRITER apologizes to **Merl L. Rouse**, president of American Reserve, whose name appeared in last week's issue under the countenance of Vice-president Arthur G. Machold of the same company. Mr. Rouse is shown herewith, as he truly is.

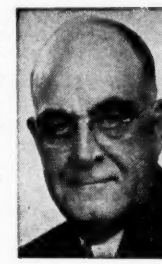
Merl L. Rouse

To mark the 25th anniversary of **William Leslie** as general manager of National Bureau, its employes gave him a surprise reception following the close of work last week and presented him with a large silver tray, suitably engraved. At the reception employes individually offered their congratulations to Mr. Leslie.

Olin J. Cochran, a local agent at Windham, N. H., had a gunfight with two armed men who robbed him of $125 in his office. Following a New England alarm, the pair was apprehended in Massachusetts largely as the result of wounds inflicted by Mr. Cochran.

DEATHS

JAMES F. VAN VECHTEN, a past president of National Assn. of Insurance Agents, died at Akron., O. Mr. Van Vechten joined the McIntosh-Bowers-West agency there in 1914 after graduation from the business school of of the University of Pennsylvania and had headed the agency since 1941, when he was named president and treasurer. After holding various offices in the Ohio Assn. of Insurance Agents, Mr. Van Vechten became president in 1943. At that time the Ohio association was not affiliated with NAIA and he played a leading role in effecting a reconciliation. He was the first state national director when the Ohio group rejoined NAIA in 1944. Mr. Van Vechten was elected vice-president of NAIA in 1950 and the following year was elevated to the presidency.



J. F. Van Vechten

WILLIAM N. TITCOMB, 82, retired treasurer of Springfield Fire & Marine, died while bowling in Springfield on the eve of his 83rd birthday. He entered the business with Capital Fire of Concord, N. H., later joining London & Lancashire and Orient. In 1918 he joined the Springfield as chief accountant, advancing through various positions until named treasurer in 1944. He retired in 1950.

ROBERT M. ROSE, 66, who before his retirement in 1948 was with Fire Rating Bureau in Milwaukee, Wis., died at DeLand, Fla., where he had been residing. Mr. Rose, who also had operated local agencies in Wisconsin, was chief rater of the Wisconsin department in the 20s.

CLIFTON B. WHITE, 86, a retired vice-president of Dorland & Co., New York City brokers, died at his Mount Kisco, N. Y., home.

W. F. PETERSON JR., 38, who operated the Bill Peterson & Co. general insurance agency at Oklahoma City, died there of a stroke. Mr. Peterson had been a member of the Oklahoma

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NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Clarence W. Hammel, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernerd J. Gold, Resident Manager.

SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

welfare commission since 1947, was a past president of Oklahoma City Junior Chamber of Commerce and had been vice-president of the local safety council since 1936 when he helped to form it.

WALTER H. REINHOLD, 60, since 1926 operator of an adjustment company at Wausau, Wis., died of a heart attack after collapsing while on a business call.

WILLIAM COMPTON, 77, who retired in 1944 as principal surveyor in the New York office of Salvage Assn. of London, died in New York City. He assumed that post in 1922 after service in the Cleveland office of the organization.

CORNELIUS A. WALSH, 52, a safety engineer of Travelers at New York, died at his home in Livingston, N. J., of a heart ailment.

WILLIAM L. ATWOOD, 87, retired Boston claim manager of Aetna Casualty, died after a long illness. He retired in 1938.

FRED A. CASWELL, 55, office manager of Prescott & Son agency, died at Malden, Mass.

HENRY L. COLLIER JR., general adjuster in the southeastern department of General Adjustment Bureau, died at his home in Eau Gallie, Fla. He started his adjusting career in Atlanta in 1919. He was with the Home from 1922 until 1926, when he returned to the independent adjusting field.

Tex. Managing General Agents Reelect Patrick

Earl Patrick of T. A. Manning & Sons was reelected president of Texas Assn. of Managing General Agents at its annual meeting in Austin. Also reelected were Tom E. Eggleston of Frank Rimmer & Co., vice-president, and Don Reinhackel of H. G. Reinhackel, secretary-treasurer.

The association set up an advertising budget and discussed the matter of raising money for it, with a proposal for higher dues slated for action at a general meeting after all members have been informed of the proposed program.

Mr. Patrick described efforts which have been made to arrange a conference with general agents of Arkansas and Louisiana on problems of operation common to those states and Texas.

Mr. Patrick also stressed the importance of working with the Texas Insurance Advisory Assn. in its public relations program.

Cal. Licensing Bill Goes To Subcommittee

The committee on finance and insurance of the California legislature has sent the bill to eliminate the certificate of convenience from the agents' qualification law to a special subcommittee for study and a report back. The full committee heard proponents and opponents at a lengthy hearing last week without taking action. Those appearing in favor included Assemblyman Donald Doyle, a member of California Assn. of Insurance Agents, and principal author of the bill; Paul Wolcott, Jr., president of the California association; Louis Niggeman, vice-president of Fireman's Fund; Perry Taft, Pacific Coast manager of Assn. of Casualty & Surety Companies; Jack McKenzie of the National Board, and Fred Drexler, vice-president of Industrial Indemnity. Appearing against the measure were representatives of Farmers of Los Angeles, State Farm, Allstate and Civil Service Employees.

H. H. Hendren, chairman of the agents' legislative committee, said the members of the assembly "are being subjected to merciless and almost unbelievable pressure from our opponents."

Boulet Heads New Gulf Casualty Department

Gulf of Dallas and Atlantic have opened a casualty department, with William J. Boulet in charge. Mr. Boulet has been in casualty insurance in Texas for the past five years and before that was in insurance in Wisconsin for a number of years.

W. J. Boulet

The new casualty operations will be limited to Texas and California for the present, but an expansion into other states is being planned.

New Hand-Books Off Press for Missouri, Nebraska, Oklahoma

New Underwriters' Hand-Books of Missouri, Nebraska and of Oklahoma have just been published by The National Underwriter Company. Each of these three hand-books provides complete and up-to-date information on the agencies, field men, general agents, solicitors, groups and other organizations affiliated with insurance throughout the respective states.

Premiums and losses by lines, within each state for all fire and casualty companies and life insurance paid for and in force for life companies, are also presented in special statistical sections. Copies of each may be obtained promptly from The National Underwriter Company, at 420 East Fourth Street, Cincinnati 2, Ohio, price $12 each.

STOCKS

By H. W Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, March 22, 1955

MISCELLANEOUS STOCKS		3-22-55	6
Aetna Casualty	3.00*	187	192
Aetna Fire	2.40	72½	74
Aetna Life	3.00*	175	177
Agricultural	1.60	35	36
American Equitable	1.70	37¾	38¾
American Auto	1.20	29½	31
American, (N. J.)	1.20	31¾	32¾
American Motorists	.24	15	16
American Surety	3.00	80	82
Boston	1.60	41½	43
Camden Fire	1.15*	28	30
Continental Casualty	1.40	101	104
Crum & Forster com.	2.00	64	66
Federal	.80	35	36
Fire Association	2.20	56	58
Fireman's Fund	1.80	72	73½
Firemen's, (N. J.)	1.05	44¼	45
General Reinsurance	1.80	49	51
Glens Falls	2.00	78	79½
Globe & Republic	.90	21	22
Great American Fire	1.50	41	42½
Hartford Fire	3.00	156	158
Hanover Fire	2.00	44¼	45½
Home (N. Y.)	2.00	46¼	47¼
Ins. Co. of No. America	2.50	110	112
Maryland Casualty	1.40	41¼	42¼
Mass. Bonding	1.50*	40	41½
National Casualty	1.50*	36	38
National Fire	3.00	94½	96½
National Union	2.00	47	48½
New Amsterdam Cas.	1.80	54	56
New Hampshire	2.00	50	52
North River	1.40	36	37½
Ohio Casualty	1.80*	82	Bid
Phoenix Conn.	3.40	90	93
Prov. Wash.	1.00	26	27
St. Paul F. & M.	1.10	58	59½
Security, Conn.,	1.60	46	48
Springfield F. & M.	2.00	58	60
Standard Accident	1.80	77	79
Travelers	19.00*	2090	2110
U. S. F. & G.	2.00	74½	76½
U. S. Fire	1.80	52	54

*Includes Extras.

More Antenna Cover Eliminated from EC

New York Fire Insurance Rating Org. has promulgated, effective March 21, a mandatory extended coverage exclusion of wind and hail damage to outdoor radio and TV antennas and aerials including lead-in wiring, masts and towers. However, such coverage can be purchased in a separate windstorm and hail insurance only policy, conversion form, which has a minimum premium of $7.50. Since the $50 deductible wind and hail cover rate on antennas and aerials is $3 per $100 and the non-deductible rate $5, insured can buy $250 of the deductible cover and $150 of the non-deductible cover for the minimum.

At the same time NYFIRO published revised rules and forms for dwelling building and contents broad form and dwelling building special form. Principal changes are deletion of wind and hail cover on antenna and aerials and on trees, shrubs, plants and lawns, and permission for the first time to write the special form on seasonal properties if described as seasonal on the first page of the policy and subject to a $50 deductible on vandalism and malicious mischief and on damage done by burglars.

Farmers comprehensive personal liability has been added to the casualty coverages which may be used as an endorsement to the fire policy, and the CPL endorsement to the fire policy may now be written for five years, a change National Bureau already made.

Pennsylvania and Delaware have approved the rule and form revisions in the broad and special forms, as filed by Middle Department Assn. of Fire Underwriters.

$1 Million Fire Guts Lowell, Mass., Block

A fire in one of the largest business blocks at Lowell, Mass., the Central block, gutted the 5-story building which covered the entire block, causing about $1 million in damage. Among the businesses to lose offices was the Fred C. Church Insurance agency, which has moved to temporary quarters at 40 Warren street.

The other floors of the five-story building were occupied by J. J. Newberry's store, business and professional offices and a business college.

Eastern Agents Ask for Wave Wash Coverage

(CONTINUED FROM PAGE 1)

cier of Danielson, Conn., secretary.

Among the resolutions adopted was one urging NAIA to take such action through conferences with companies "as may lead to a voluntary plan or such other plan as may alleviate the socialistic trend with which the public and agency systems are confronted through compulsory automobile insurance.

Another was "through the inability of our companies to pay wave wash damage claims resulting from recent hurricanes, and we are opposed in principle of giving any local, state or federal government an opportunity for entering the insurance business, that eastern agents conference urgently requests that in order to meet the needs of the insuring public, all companies transacting business in Eastern Underwriters Assn. territory make available wave wash and overflow tidal water coverage to the public at a rate commensurable with sound rating and underwriting practices."

Final day speakers included Joseph A. Neumann, NAIA president, and Frederick W. Doremus, manager-secretary of EUA.

Mr. Slawsby said it was necessary that agents read everything available to them and follow up on every development that will enable them to meet direct writer competition.

Discussing methods of combatting the direct writer, he explained that "we have actually 'cracked' more large accounts with the Factory Insurance Assn. as our ally than with any other single weapon."

Pointing out that an agent's business gets more competitive as time goes on, he said that it is not necessary to compete on the basis of price alone as "in our operation, in addition to the competitive cost, we offer a number of services which benefit the insured."

He concluded by saying that "armed with superior skill and strengthened by the integrity of independent choice and action we are the aggressors."

Some 425 persons were on hand for the conference which got underway Sunday with registration and a get-together.

Every state that holds membership in the EAC was represented.

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Companies with headquarters at the Lord Baltimore hotel, where all meetings were held, were American Home Assurance, American, Appleton & Cox, Chubb & Son, Fidelity & Deposit, Hanover Fire, Hartford Fire, Hartford Accident, Home, Leonhart & Co. of Maryland, London & Lancashire, Manufacturers Casualty, Marine Office, Maryland Casualty, New Amsterdam, New Hampshire Fire, North America companies, Pacific National, John Roane, Royal-Liverpool, U. S. F. & G., and Zurich.

Greetings to the agents and their wives were extended by Rodney J. Brooks Jr., of Baltimore, president of Maryland Assn. Chairman of the conference was J. Vernon Coblentz of Frederick, Md., state national director.

E. Stuart Windsor of Baltimore, conference committee chairman, reported that a new all purpose endorsement is now in the making. A single endorsement will, he said, provide for handling the various types of changes necessary in a policy, including those resulting from increases or decreases in the amount of insurance, changes in rate, location, ownership or in mortgage interest.

The committee recommended that wording of the "all physical loss" form be changed to "special" form. In rearranging the form the exclusions have been repositioned. A major change in exclusions has been the addition of smog and spray and TV antennas for wind, ice, snow and sleet, and wind and hail coverage was removed from trees, shrubs and plants.

As the special form and the dwelling building and contents broad form propose exclusion of TV antenna, it was recommended, Mr. Windsor said, that companies consider a method of providing for this coverage at an additional premium. This also is being discussed for extended coverage.

The commttee is continuing its study into this and into an improvement in the advance preparation for handling losses in connection with hurricanes.

New Rule Gives Admitted Insurer Chance at Surplus

(CONTINUED FROM PAGE 1)

procedure is seldom if ever used. When the broker goes to insured with the proposal, it is in effect an invitation to insured to call upon another producer and see if he cannot do better with the premium. Also, this approach puts the insurer on the spot as a company that does not conform with the rating laws of the state.

On the other hand, placement of surplus or excess lines business by surplus lines brokers is accomplished by the submission of affidavits stating that insured and producer have been unable after diligent effort to procure from authorized insurers the full amounts of insurance required to protect the interest of insured and further showing that the amount of insurance procured from unauthorized insurers is only the excess over the amounts procurable from authorized insurers. In most states the affidavit must indicate that three authorized companies have turned down the business.

• • •

It is relatively simple to get three turndowns; some of them may come from companies with which the producer does not do business and has not done business for years, and the submission may be turned down for that reason.

The intent of the laws of the states is to protect the domestic market, but the effect has been to transfer most of this business into the unauthorized insurer market, including London.

In recent years there has been a big increase in business going into non-admitted insurance channels. It is estimated that in California in 1953 the premiums of this sort amounted to more than $20 million. In New York in 1953 there was a 100% increase in the surplus volume and the number of surplus lines brokers increased from 64 to 95.

New York brokers use out of state outlets in Chicago, Montreal and some in Texas. Some observers believe there is as much as $50 million of such business placed through New York producers, though the amount reported to the state is only about one-tenth of that.

The business involved arises from two sources. It may be a risk which a company would be willing to write, but not at manual premium. For example, the risk may be a small corner building with a subway entrance. There is no way to get an adequate price under OL&T filed rates. Or, the company may be turning down class 2 automobile business, which is bad as a class, but which may not be bad on an individual risk basis. Or it may be simply a question of capacity, and the need is for genuine surplus line. Of course, some business submitted going to non-admitted insurers is plain, bad business. But observers believe that a tremendous amount of it can be— and certainly is being—written, at a price.

The average size of surplus lines business in New York is said to be about $500 per risk, which means that many are too small to qualify for experience rating, or there is about it some unusual hazard such as the corner building with the subway entrance.

There has been a considerable increase in the number of markets that have gone into excess of primary insurance. Often this is a method used to get a better price for insured. So far, producers have been able to argue that this is not subject to rate regulation.

Just how many admitted companies will be interested in taking advantage of the new, easy route to the writing of this kind of business is not known. It will depend to some extent on what is offered by producers. However, it is anticipated that there will be enough of an increase in competition for this class of business to make it somewhat more competitive than it has been. The non-admitted insurer tends to write such risks on a formula basis whereas the domestic, admitted company can do it on an individual risk basis. Also, when the business goes into the non-admitted market, there is the original producer's commission, the surplus lines broker's commission and the non-admitted insurer's representative's commission. With the producer using a domestic, admitted insurer, he goes direct to the insurer and obtains normal commission.

The same problem exists in the fire business, though there is said to be a somewhat smaller volume of fire premiums than casualty going into the non-admitted insurer market. National Board has a committee studying the amount of direct business going to non-admitted markets. There seems to be no reason why a rating bureau other than National Bureau could not seek and secure from state supervisory authorities approval of a rule of similar nature. State insurance departments tend to favor competition by admitted insurers for such business.

The new National Bureau rule became effective March 1 in Alaska, Arizona, Idaho, Maine, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New York, North Dakota, Oklahoma, Puerto Rico, South Carolina, South Dakota, Utah, Vermont, West Virginia and Wisconsin.

Camden Fire Extra

Camden Fire has declared an extra dividend of 5 cents in connection with its regular semi-annual dividend of 50 cents a share, both payable May 2 to holders of April 8.

R. I. Insurance Bills

An investigation of increased extended coverage rates was proposed in a resolution introduced in the Rhode Island house. It would give a five-member investigating commission of the house power to summon witnesses and subpoena records.

Another bill would require an employer to pay his employe's counsel fees in disputed workmen's compensation cases won by the employe.

Still another bill would license and regulate insurance adjusters.

Five More Insurers Have Ads Criticized by FTC

(CONTINUED FROM PAGE 1)

quired of applicants at the time the policy was issued, etc.

Other FTC developments include the denial by FTC Commissioner Gwynne of the appeal of Mutual Benefit H.&A. represented by James T. Walsh, from the ruling of Examiner Lipscomb that he would not strike from the record a statement made by Robert R. Sills, FTC attorney, that the company's business was not adequately regulated in every state.

FTC Examiner Cox suspended last Friday until March 31 the hearing on Automobile Owners Safety Ins. Co. of Kansas City. In that period, Sills will read the transcript of the hearing and decide whether to stand on it or take more testimony. If he does the former, Alvis Layne, counsel of Automobile Owners, will elect whether to move to dismiss the complaint on jurisdictional and other grounds, or to proceed to present the company's case.

FTC Examiner Laughlin, who heard the Bankers Life & Casualty case in Chicago and other cases in Washington, is expected to have reports on or decisions in those cases within a week or so.

In the hearing on Automobile Owners conducted by FTC examiner Cox last week, Maurice Benson, president of the company, was examined in detail by Mr. Sills and his associate, P. R. Melangton.

He testified that his company in 1953 and 1954 issued about 3,600 of one of its policies in Missouri and 38,-800 outside the state; 989 of another type of policy in Missouri and 63,879 outside. He did not know the dollar volume of the policy, but the premium on the one was $5 per year, and on two others $2 per month each. The company received 233 claims under one policy, of which 175 were paid. Under the second policy 2,358 were filed, 1,481 paid, and under the third 5,373 claims, of which 2,903 were paid.

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Mr. Benson said he is an attorney and has been in insurance 25 years. He testified his company does its printing and mailing in Chicago, though claims are handled in Kansas City. The company has no other offices. It employs about 100 persons. A committee of three including himself passes upon certain claims. Automobile Owners Assn., of which Mr. Benson also is president, is interested in promoting safe driving, he testified, and it solicits insurance for Automobile Owners Safety.

He testified that the company has changed policy forms four times. Once it destroyed about 100,000 policies because the company had decided the contract should contain an anti-liquor and anti-narcotic exclusion. He indicated on examination that the insurance commissioner of Missouri has referred to the insurer complaints received from outside of Missouri.

Sills put on several witnesses to testify as to the impression they formed from reading language contained in exhibits of the company as to policy benefits, etc. The witnesses included a liquor store manager, a shoe store manager, a shopkeeper, and others.

The examiner ruled against a number of the FTC questions on the grounds they were hypothetical. He remarked in connection with one witness that he could not give much weight to her testimony. He told her to collect her $4 witness fee. At another point he commented that witnesses were picked up at random. To this Sills responded that his witnesses were picked with the same degree of random that the insurer's mailing was done.

Cleveland Insurance Day Draws Attendance of 600

(CONTINUED FROM PAGE 2)

of three policies?"

These are some of the characteristics of a package, he said, that not only provides professionally designed coverage, but at significant savings over separate policies. There is a saving to the company, the agent, and to the insured. The package policy is not of revolutionary construction, because it incorporates the principles known for decades.

John N. Cosgrove, at the sales forum, narrated a new color film entitled "Sell the Whole Umbrella." This is a movie that was produced for American of Newark and illustrates account selling.

At the same forum, Thomas W. Earls expressed confidence in the future of the agency system, stressing the service aspects of it when in competition with direct writers. The answer to the competitive situation, Mr. Earls said, can be boiled down to three words—sell, serve, inform. This means the agent must ring doorbells, meet the public, service after he has sold the policy, and keep his policyholder and himself posted on changes and improvements in the business. Mr. Ellis concluded the educational activities with his well-known inspirational talk, "Sign Posts on the Road to Successful Selling."

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Addressing the luncheon, Kenneth Ross observed that one of the prime jobs of the agent is to keep up with changes in forms, rates and rules so that he can have a value to the insured of being the person to whom the insured will turn when he wants information. This is not to say, Mr. Ross emphasized, that every change that comes along should be accepted. It is a continuing job for every agent to study the changes and be in a position to sift the good from the bad.

During the last few years a number of new plans have been introduced, some of which have had merit and others of which were strictly competitive. "I think it is to the credit of the American Agency System," he remarked, "that there has been no wholesale rush to take on some of these plans and, furthermore, some of our agents who have taken them on are finding themselves on not too solid ground."

There are those who may think they can do it differently and better than the agency system, but Mr. Ross said no system need apologize that sells upward of 75% of the American market of all forms of insurance, 95% of all fidelity, 95% of all burglary, 96% of all inland marine and 99% of all surety bonds.

The paper of M. E. Peterson outlined the beginnings of Western Underwriters Assn. and Western Actuarial Bureau, and detailed the functions of these organizations in the present day insurance setup.

Participating in the panel on workmen's compensation were: William E. Wilson of the Wilson & Co. agency, who was the moderator; Harold R. Woodworth, Indemnity of North America; Joseph E. Compois; Edwin J. Sealy, Davis & Dissette agency and Jason Crain, insurance consultant.

Southern Agents Rally at White Sulphur Springs

(CONTINUED FROM PAGE 1)

David A. Brewer of Greenwood, Miss., and James P. Walker of Augusta Ga., on property and casualty insurance and the public relations program presently being developed in the south. The interest in the discussions was so high that the meetings were re-convened after luncheon and continued until late afternoon.

Dr. Walter Flick of Washington & Lee University was the principal speaker at the banquet, with Frank E. Kinzer of Covington, Va., serving as toastmaster.

Following a breakfast meeting of the central committee, the conference Saturday morning heard Commissioner Gillooly of West Virginia, who commented on the contributions to the business which could be made by vital agents' associations.

Joseph A. Neumann, Jamaica, N. Y., NAIA president, expressed his confidence in the agency system. He said the insurance business does not lend itself to mass market operations, but warned against complacency among agents, stating that "insurance is America's economic parachute".

George V. Whitford, vice-president of Fire Association, pointed out that competitive problems facing the insurance business were no different than those facing other industries.

A reflective warning on the danger of agency forces insisting on "unreasonably" high commissions was sounded by A. L. Benjamin, director of insurance Cincinnati Gas & Electric Co.

As Mr. Benjamin expressed it, "If we ever reach a time when the cost of an insurance policy is so high that the insured cannot afford it, and if he feels that the agent is not giving value received for his commission, then the law will put you out of business—and I am not referring to man-made-law—but simply economic law —the law of dimishing returns. We must never forget that even an insurance policy can be priced out of the market. Commissions, should, in all cases, be realistic—neither so low as to preclude good service on the part of the agent—nor so high as to make it impossible for the company to write a policy at a reasonable premium and on a profitable basis."

The reference to commissions came up in connection with a sober analysis of what Mr. Benjamin as a corporate insurance buyer expects of the agents with whom he places his business. One requirement, he believes, is that the ideal agent have interest in and knowledge of the buyer's business.

All too often, he said, the agent tries to fit the client to an insurance program, rather than to fit the program to the client's needs. The insurance buyer in commerce and industry wants his agent to have a complete familiarity with the buyer's needs.

Mr. Benjamin took a mild swipe at the physical construction of the policy itself. He asked why an insurance policy could not be written in such language and form as to be more understandable to buyers.

He is completely in favor, too, of some system of simpler policy renewal. Asking why it should be necessary every one to three years to issue an entirely new policy to the insured, he expressed the thought that handling renewals on a basis of renewal certificate would work to the advantage of the company, the agent and the insured.

Circulate Plans for Partial Subscribership

Recommendations for permitting partial subscribership to Pacific Fire Rating Bureau have been prepared and circulated to member and subscriber companies for evaluation. The recommendations were drawn up by a committee headed by Paul F. McKown of St. Paul F. & M. The suggestions also have been submitted to Commissioner McConnell of Calfornia. The issue arises from the requests of North America for partial subscribership.

West Va. Department Bats .900 in the Legislature

Nine out of ten bills on insurance introduced by the West Virginia department in the last legislature have been enacted into law.

Commissioner Gillooly held a conference with representatives of the industry before the legislative session started and told them what his program would be. He received united support for it, and commented that the action of the industry demonstrates "that the great majority of the people in the insurance business do not fear, and, in fact, are willing to advocate and promote adequate state legislation of insurance."

Among the new West Virginia laws is one to establish an insurance commissioner's fund from fees collected from licensed companies. This includes a provision for increased fees and the legislature also has given the department a sizeable increase in the budget, including an item to set up a fund for a comprehensive revision of the state insurance code.

The other new bills include a fair trade practices act, uniform policy provisions law for A&H, authority to the department to subpoena witnesses and tax cost of hearings against parties at fault, authority to impose a fine up to $1,000 against a company for violation in substitution of mandatory revocation of license, authority to impose a fine up to $100 against an agent for violation in substitution of mandatory revocation of license, and making a broker an agent of the company for acceptance of premiums except in a case of life and non-can A&H as is done in New York, increase in the fee for solicitor's license from $1 to $5, and requirement that vending machines for the sale of trip accident insurance be licensed.

Insurance Bills in Minn.

ST. PAUL—A bill to make state and municipal civil defense workers eligible for workmen's compensation benefits has been approved by the Minnesota house labor committee. Among the other new insurance bills is one to permit township mutuals to issue policies against flood, earthquake, theft, vandalism, collapse of bridges, upset, collision and overturn, another to permit the writing of group insurance on two or more employes instead of the present 10, and to provide that any officer of a domestic company appoint agents and act in its behalf in the negotiation and sale of insurance without a license or other qualification.

J. E. Shewmon, Indiana Lumbermens Treasurer, Retires after 48 Years

J. E. Shewmon, treasurer of Indiana Lumbermens Mutual, has retired after 48 years of service with the company. Mr. Shewmon joined Indiana Lumbermens as an assistant bookkeeper in 1907 and has been treasurer since 1932. He and Mrs. Shewmon will take up residence at Fort Lauderdale, Fla.

Retaliatory Tax Bill Passes Both Houses in Ia.

DES MOINES—The Iowa legislature completed action on a retaliatory insurance tax bill. The senate passed the house bill 43 to 0 and sent the measure to the governor. The bill is expected to bring in approximately $500,000 in additional state revenue. A similar law was repealed by the Iowa legislature in 1945 due to the threat of federal regulation.

The measure provides that any out-of-state insurance company shall be taxed at the same rate that Iowa companies are taxed in their state. Iowa has a 2% premium tax.

Bills which have passed the house and gone to the senate include an unfair practices act, a bill to give life companies the right to make loans secured by mortgages which have lease and purchase contract with the federal government, and a bill to give surviving widows and children the same right to sue for damages as now provided a male parent.

Ga. Legislature Passes Five Insurance Bills

Insurance legislation passed by the Georgia legislature puts a 1% premium tax on fire, windstorm and EC policies to pay for a firemen's pension fund, increases workmen's compensation benefits, provides that municipalities and counties may now insure automobiles for liability, reduces domestic company stock par value from $10 to $5 and allows the governor to insure his car.

Both compulsory automobile bills were killed as well as one which would prevent a company from cancelling an A&H policy.

Bills held over for the next session are those which call for the licensing and qualifying of local agents and adjusters.

Reverse Decision in Towed Racer Case in Tennessee

A "hot rod" racing automobile was designated to be a trailer within the meaning of the exclusion in an auto liability policy by the Tennessee supreme court. This was a reversal of the decision of the court of appeals in the case of Blue Ridge Insurance Co. vs. Haun, 5 C. C. H. (Auto 2nd) 57, which was reported in the Feb. 24 issue of THE NATIONAL UNDERWRITER.

Bills To Repeal Guest Law in Ill., Neb.

Bills to repeal the automobile guest law have been introduced in Illinois and Nebraska, and the Illinois hearing in the house is being conducted this week.

Another Nebraska bill would make the degree of negligence exclusively a jury determination, as well as all questions of negligence and contributory negligence.

FIA Elects John A. North as Chairman

John A. North, president of Phoenix-Connecticut, was elected chairman of the executive committee of Factory Insurance Assn. and A. L. Ross, president of U. S. Fire, vice-chairman at the annual meeting of FIA in New York City. Felix Hargrett, vice-president of Home, was elected secretary, and Gilbert Kingan, U. S. manager of London & Lancashire, treasurer.

General Manager F. D. Ross reported on the activities of FIA for the year.

Member companies elected to the executive committee are American, Continental, Fire Association, National Fire, and Commercial Union.

Tenn. Bars Insurers of Foreign Governments

The Tennessee legislature has adjourned. It passed a bill prohibiting operation in the state of insurers owned or controlled by foreign governments.

Other legislation passed would authorize local agents of Tennessee to divide premiums with agents of other states on an equal, reciprocal basis; and increase workmen's compensation maximum benefits for death or total disability from $8,500 to $10,000 and maximum weekly disability payments from $28 to $30.

Another measure would require all persons under 18 to have his application for a driver's license signed by a responsible adult, the signature to be witnessed by a third party authorized to administer oaths. The adult signing the application becomes jointly and severally liable with the minor for any damage caused by the minor driver's negligence or misconduct. The law becomes effective July 1.

All Auto Policies in W. Va. Must Meet Bureau Minimum

Commissioner Gillooly of West Virginia has sent a letter to companies writing automobile business informing them that as of Oct. 1 it will be mandatory that all automobile policies issued in the state contain the substance of the new policy provisions of National Bureau of Casualty Underwriters, Mutual Insurance Rating Bureau and National Automobile Underwriters Assn. which go into effect April 1. Policies in effect after April 1, whether or not they contain the new coverage provision, will be so interpreted, Mr. Gillooly's letter says. All companies submitting auto policy forms for approval must certify that the forms provide, as a minimum, coverage equal to that afforded by the newly revised bureau forms.

Hanover Fire's New Stock Offered at $42

Hanover Fire has offered to sell to stockholders 100,000 additional shares of capital stock at the rate of one share for each four shares held of record March 16 at a subscription price of $42 per share. The offer expires April 4.

The issue, being underwritten by a group headed jointly by the First Boston Corp. and R. W. Pressprich & Co., which will purchase any unsubscribed shares, will bring to 500,000 the number of shares of $10 par capital stock outstanding.

Oklahoma City Agents Buy School Driver Equipment

OKLAHOMA CITY—An $11,500 driver training classroom for Central High School here will be a gift of Oklahoma City Assn. of Insurance Agents. The association will purchase the Aetna drivotrainer equipment which will be installed this summer and be ready for the fall classes. It will consist of an eight-car unit and 19 films.

Convention Dates

March 30-April 1, National Assn. of Insurance Commissioners, zone 5 meeting, La Fonda hotel, Santa Fe, N. Mex.

March 28-29, New Jersey Assn. of Insurance Agents, midyear, Berkeley-Carteret hotel, Asbury Park.

March 28-30, National Assn. of Mutual Insurance Agents, midyear, Baker hotel, Dallas.

March 28-30, National Assn. of Insurance Commissioners, blanks committee meeting, Commodore hotel, New York City.

March 29-April 1, Pacific Insurance & Surety Conference, annual, El Mirador hotel, Palm Springs, Cal.

April 4-6, Far West Agents Conference of National Assn. of Insurance Agents, annual, Palace hotel, San Francisco.

April 4-6, Pacific Ins. & Surety Conference, annual, El Mirador hotel, Palm Springs, Cal.

April 4-6, Federation of Mutual Fire Cos., annual fire conference, Edgewater Beach hotel, Chicago.

April 5-7, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.

April 17-19, National Assn. of Insurance Agents, midyear, Allis hotel, Wichita, Kan.

April 17-19, Midwest Territorial Conference of National Assn. of Insurance Agents, annual, Broadview hotel, Wichita, Kan.

April 21-23, National Assn. of Independent Insurance Adjusters, annual, Edgewater Beach hotel, Chicago.

April 25, Rhode Island Assn. of Insurance Agents, midyear, Sheraton-Baltimore hotel, Providence.

April 27-29, National Assn. of Insurance Commissioners, zone 2 meeting, Sheraton-Belvedere hotel, Baltimore.

April 29, District of Columbia Assn. of Insurance Agents, annual, Mayflower hotel, Washington, D. C.

May 1-3, Alabama Assn. of Insurance Agents, annual, Tutwiler hotel, Birmingham.

May 1-4, National Assn. of Insurance Commissioners, zone 3 meeting, Seelbach hotel, Louisville, Ky.

May 2-4, National Assn. Surety Bond Producers, annual, Hotel Waldorf Astoria, New York.

May 4-6, American Management Assn., Insurance Conference, Statler hotel, New York City.

May 5-7, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.

May 6-7, Florida Assn. of Insurance Agents, annual, Hotel di Lido, Miami Beach.

May 6-7, Rocky Mountain Territorial Conference, Broadmoor hotel, Colorado Springs.

May 8-9, New Jersey Assn. of Mutual Insurance Agents, annual, Hotel Berkeley-Carteret, Asbury Park.

May 8-10, New York Assn. of Insurance Agents, annual, Hotel Syracuse, Syracuse.

May 8-10, Mutual Insurance Agents Assn. of Virginia, annual, Shoreham hotel, Washington, D. C.

May 9-11, H & A Underwriters Conference, annual, King Edward hotel, Toronto, Ont., Can.

May 10, Assn. of Casualty & Surety Companies, annual, Waldorf Astoria hotel, New York City.

May 11, National Bureau of Casualty Underwriters, annual, New York City.

May 12, Surety Assn. of America, annual, Hotel Astor, New York City.

May 12, Wisconsin Assn. of Insurance Agents, midyear, Loraine hotel, Madison.

May 12-14, Iowa Assn. of Insurance Agents, annual, Hotel Savery, Des Moines.

May 13-14, Oklahoma Assn. of Insurance Agents, annual, Biltmore hotel, Oklahoma City.

May 16-20, National Fire Protection Assn., annual, Netherlands Plaza, Cincinnati.

May 16, Vermont Assn. of Insurance Agents, midyear, Woodstock Inn, Woodstock.

May 18-20, Georgia Assn. of Insurance Agents, annual, Atlanta Biltmore hotel, Atlanta.

May 19, Society of Fire Protection Engineers, annual, Netherlands Plaza, Cincinnati.

May 19-20, Arkansas Assn. of Insurance Agents, annual, The Arlington, Hot Springs.

May 19-21, North Carolina Assn. of Insurance Agents, annual, Carolina hotel, Pinehurst.

May 20-21, Texas Assn. of Insurance Agents, annual, Galvez hotel, Galveston.

May 23-25, Board of Fire Underwriters of the Pacific, annual, Biltmore hotel, Santa Barbara, Cal.

Registration of Welfare Funds Sought in N. Y.

ALBANY—An administration bill requiring registration of all welfare funds, whether administered jointly by trustees of unions and employers or by employers alone, has been introduced in the New York legislature. Insurance Superintendent Holz said the legislation is needed to enable him to proceed with the type of investigation he has in mind. Pending further investigation the department's position is that comprehensive regulatory and reporting legislation would be premature.

The New York Commerce and Industry Assn. has declared itself in favor of regulatory legislation for jointly administered funds but opposes it for those administered by employers only. A department bill requiring the filing of group commission rates was introduced recently.

Tex. Commissioners Defend Single Rate Law

AUSTIN—Texas board of commissioners has upheld the single rate law in the state in a memorandum filed with the senate insurance committee. The statement was made as opposition to a bill which would let the board set only minimum rates for all lines of automobile insurance.

"In our opinion," the board memorandum says, "rate making would no longer serve any public purpose other than to prevent companies from becoming insolvent through the sale of insurance at inadequate rates. In our opinion the board should continue to exercise its present function of classification and fixing a single rate for each classification... We strongly feel the passage of SB 240 would effectively deprive the public of the rating protection which has been afforded it for many years."

Mark Roberts Named Standard Mutual President

Mark Roberts has been named president of Standard Mutual Casualty of Springfield, Ill. Mr. Roberts' father, Frank, who founded the company in 1920, continues as secretary-treasurer and Wayne E. Morgan as agency supervisor.

Mark Roberts joined Standard Mutual in 1932 and since 1934 has been general counsel, a post he will continue to hold.

The company is instituting a plan of premium reductions, which includes in addition to reductions for many drivers in all classes, special lower premiums for farmers, married male drivers under 25 and female drivers under 25.

Speakers for Milwaukee I-Day, April 28, Listed

Charles G. Arps of Allis-Chalmers Mfg. Co., Elmer F. Trost, Wisconsin field manager for Factory Insurance Assn., and Urban M. Krier, assistant manager for U. S. F. & G., are scheduled to speak at Milwaukee Insurance Day, April 28. "One Way Left," the Assn. of Casualty & Surety Companies film, will be shown.

Rating Course in N. H.

Mountain Insurance Field Club of New Hampshire is conducting a 13-week course on the application of the Dean schedule or rating, which has been adopted in the state. New Hampshire Board of Underwriters personnel is instructing.

Chicago Distaffs See Movies

Insurance Distaff Executives Assn. of Chicago had a dinner meeting on St. Patrick's Day at the Palmer House at which there was a lecture and color movies of the South American trip taken by Miss Laverne Hand, who was the founding president of the association. Proceeds of the meeting are to be used for the national convention to which the Chicago association will be host.

Detroit Mariners Elect A. M. Bryan Skipper

A. M. Bryan of Royal-Liverpool group was elected skipper of the Detroit port of Mariners at the annual meeting. Other officers are J. A. Gast of National Surety Marine, first mate; C. T. Schwarz of Automobile of Hartford, purser, and R. C. Eisele of the Home, yeoman.

Dearborn Agents Present Driver Training Unit

Dearborn, Mich., Assn. of Insurance Agents has contributed a 15-place driver training unit to the public school system there. This represents a combination of five years of planning and saving by the membership. The parent Michigan Assn. of Insurance Agents has called the gift an outstanding local board achievement. The Dearborn association, incidentally, writes the coverage on the public school property.

6% Stock Dividend for Government Employes

Directors of Government Employes Corp., auto finance affiliate of Government Employees Ins. Co., have declared a 6% stock dividend, payable April 29 to stockholders of April 8. The annual dividend rate was increased from 30 cents to 40 cents per share.

Auto Superintendents of Chicago Elect Bick

New officers elected by Automobile Superintendents Club of Chicago are: President, S. Bick, National Fire; vice-president, J. H. Chandler, Home; treasurer, R. W. Krautline, America Fore, and secretary, G. Urbanus, Hanover.

WC Bills in N. C.

Bills proposing to increase workmen's compensation benefits and to lengthen the period for filing a claim for WC from one to two years drew fire at a hearing before the North Carolina house insurance committee.

North Carolina industrial council opposed the bill, which would raise the maximum weekly benefit from $30 to $40 and increase the maximum death benefit from $8,000 to $10,000. The council argued the increase in benefits would increase WC premiums $3.5 million annually.

Insurance representatives opposed the bill to lengthen the time in filing claims for WC on grounds that injuries which cannot be detected within a year are so few as to be almost negligible. To allow two years, they said, would increase fake claims and make claims investigation much more difficult.

Arnold Chait Named

Arnold Chait, surplus lines broker in New York City, has been appointed agent of Manhattan Casualty, which writes automobile liability exclusively in Manhattan, Bronx and Brooklyn. Donald Quinn, formerly of Home Indemnity, has been named to handle the new department. Mr. Chait will continue to supervise the excess lines department.

Cuts Rates on Females in N. J.

Allstate has cut the rates an average of 35% for women drivers under 25 in New Jersey.

New Orleans Past Presidents Are Honored

Sixteen living past presidents of New Orleans Insurance Exchange were honored at a 40th anniversary dinner meeting at which J. H. Bodenheimer, oldest living president (1921-22) was principal speaker. He was presented a certificate of merit.

Shown participating in the presentation ceremony in the accompanying picture are, left to right: Past President Charles P. Gould, Mr. Bodenheimer, present NOIE President John Singreen, and Past Presidents James E. Hassinger Sr., and Harold S. Mayer.

Other past presidents honored were Leonard M. Wise, Maurice J. Hartson Jr., James J. Lynch, Clifford A. Tricou, Joel H. Conway B. H. Talbot Jr., Joseph P. Schwartz, Wilfred M. Kullman, Gary E. Gillis Jr., W. Fergurson Colcock, Charles L. Rittenberg and James C. Kraus.

Pacific Indemnity To Have Stock Dividend

Pacific Indemnity has declared a 33⅓% stock dividend, payable May 15 to stock of record April 20. The effect will be to increase the capital from $1,800,000 to $2,400,000, and the number of shares will go from 180,000 to 240,000.

The company anticipates paying 65 cents a share quarterly on the increased number of shares.

Swett & Crawford are underwriting managers for Pacific Indemnity.

Humphreys Chairman of Zone 1 of NAIC

Commissioner Humphreys of Massachusetts and Commissioner Howell of New Jersey were elected chairman and liaison committee chairman, respectively of their zone (1) of National Assn. of Insurance Commissioners.

Zone 4 of the association will not meet until next fall. The NAIC calendar will give the meeting date after the annual NAIC meeting in Los Angeles.

Empiro, Mutuals Bring Out Third in Series of Homeowners Policies

NEW YORK—Multiple Peril Insurance Rating Org. has made filings of the expected sequel to its homeowners policies A and B—homeowners policy C. Under the new policy virtually all coverage, including that on personal property, is all risks, the named perils extension on trees, shrubs and plants and named perils cover on lawns being the exceptions. In effect, homeowners policy C, which resembles closely the contract of the same name which has been written for some time by the North America companies, combines the dwelling buildings special form with a personal property floater written on unscheduled property. As with policies A and B, comprehensive personal liability and medical payments coverages are included.

The filings are understood to have been made in 29 states, along with a number of changes affecting policies A and B, with some states, among them New York, having already indicated approval. Identical filings have been made by Transportation Insurance Rating Bureau, which has previously filed homeowners A and B. The filings actually encompass eight separate editions of policy C, but the differences arise, generally, out of statutory requirements concerning mortgage, underwriting and other clauses as well as standard fire policy laws.

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Empiro's indivisible premium principle involving mandatory amounts of coverage based upon the selected dwelling amount, has been retained in the new policy. However, the inflexibility stressed by critics has been relaxed somewhat through special rules authorizing increase in the amount of coverage on personal property. The basic amount of personal property coverage is 50% of the dwelling amount and increases are to be made at a three year premium of $9 per $1,000.

The basic policy limits covers on personal property at additional residences to 10%, and this may be raised for an additional three year remium of $9 per $1,000. Similarly, the policy limits of $100 or $500 on notes, securities, etc., may be raised at three year premiums of $6.75 per $1,000 on money, $4.50 per $1,000 on securities, etc.

There are two $50 deductibles, one applicable to wind and hail damage to buildings and the other to all property for all damage except fire, lightning, extended coverage perils other than wind and hail, and the additional EC perils which in that endorsement are not subject to the deductible. The second deductible is unique in that it does not apply if the loss exceeds $500, thus, in effect, combining a deductible and franchise features. Wind and hail damage to personal property is subject to a $50 deductible also, but this appears in the second of the clauses. The first wind and hail deductible applies only if the declarations are on the face of the policy.

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In some states, the second deductible may be removed, except as to breakage of eye glasses, glass ware, statuary, marbles, bric-a-brac, porcelains and similar fragile articles. Where this is done, the previously mentioned additional three year remiums for increasing the amount of cover on personal property and the limit on property at additional residences is $12 per $1000.

The basic limits for CPL under homeowners policy C are $25,000 per occurrence and $500 per person medical payments. These may be increased.

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Among other changes included in the Empiro filings is a special building endorsement for policy B. This replaces the all physical loss endorsement previously authorized for that policy and the differences between it and the old form are about the same as between the dwelling buildings special form and the dwelling buildings APL form recomended by Inter-Regional Insurance Conference. As in IRIC's special form, there is no wind hail, falling objects and ice, snow, etc., to outside radio and TV antennas, masts, towers and lead-in wiring has not been picked up in the policy B special form.

Premium charts for all three homeowners policies now go up to $50,000 as before, but factors have been inserted below the charts so that an agent may compute a premium for coverage up to $100,000 without submitting the risk for rating. Also, in states where AEC may be written flat, this will be permitted as to AEC perils under homeowners B.

"Public Adjusters" Are Taking D. C. Citizens

The District of Columbia fire marshal is investigating operations of persons here falsely representing themselves to be public adjusters.

William Goodman of Baltimore, president of National Assn. of Public Adjusters, said his organization is trying to stop the operations of such impostors. He wants legislation to place legitimate adjusters under control of D. C. licensing authorities. The Better Business Bureau of Washington recently warned citizens not to "be taken in by an individual who calls himself a public adjuster. This individual is quick to approach people who have had the misfortune to lose property by fire, and under the pretense of getting a quick and satisfactory return from the insurance company, gets the victim to sign an agreement to pay him one-third of the proceeds."

The impostors' charge for the service, official inspectors here state, has ranged up to one-third of the money collected, compared to the standard 10% fee recognized by members of the Goodman group.

FCIC Asks $6 Million for Next Fiscal Year

Federal Crop Insurance Corp. officials have asked a House subcommittee on appropriations to recommend an appropriation of $6 million for it for the next fiscal year and for the authority to pay loss adjustment costs out of premiums. It also asked permission to use an amount not to exceed $1.5 million of premium income in addition to the appropriation for such costs, if needed.

Officials said the program has cost taxpayers $170 million for administrative expense and payment of losses. Now the administration wave of economy threatens to prevent printing of the FCIC annual report.

Accountants to Meet

Assn. of Casualty Accountants & Statisticians will hold its spring conference April 19-22 at Hotel Claridge, Atlantic City, at which representatives of International Business Machine will present those applications of its No. 650 machine which can profitably be used by fire and casualty companies.

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

ums and the establishment of reserves for expenses on business which may not be earned until next year or subsequent years.

Congress apparently intends to make the repealer an ex post facto law and not to permit the use of the provisions on 1954 business. The repeal bill provides that no interest or penalties apply if the difference in tax liability due to the two sections is paid by Sept. 15.

$2 Million Loss in Mill Fire

The insurance loss in the fire which destroyed the historic Sloatsburg mill at Sloatsburg, N. Y., may run as high as $1.25 million under policies held by Harry Schwartz Yarn Co, and $400,000 under policies held by a tenant, Ramapo Piece Dye Works.

The mill, built in 1815, and replaced in 1853 by the brick building which burned, was the community's principal industry. It was occupied by the dye works, which operated on a 24-hour a day schedule making piece goods, and by the yarn company.

Two buildings were destroyed in the fire, the main building, housing manufacturing, dying and textile process equipment, and the boiler house, used for storage of textiles and equipment.

To Withdraw N. Y. Liquidation Bill

Superintendent Holz of New York has indicated he would ask for withdrawal of the insurance department sponsored measure that would require agents and brokers to return to the liquidator the full premium he has collected for coverage in an insurer that has been placed in liquidation. This is the bill with which the department hoped to overcome the effects of the Zanger case, which grew out of the Preferred Accident liquidation. In that case the court held that the producer must return only the earned portion of the premium. Mr. Holz indicated that the matter would be studied and legislation sought in 1956 to resolve the problem.

Cincinnati Board Greets Its New Members

Cincinnati Underwriters Assn. held its first welcoming luncheon for new members Monday, with guests being those who have become members within the past six months. It is planned to make this a regular semi-annual function.

President L. A. Hellming welcomed the new members, explained what the Cincinnati Board and its rules have meant to members and to the insurance business and introduced L. C. Graham and E. A. Russell, governing committee members and Secretary J. F. Schweer. A. M. O'Connell, past president Cincinnati board and National Assn. of Insurance Agents executive committee member, explained the services of the state and national associations and H. F. Schottenfels, educational chairman, told of the educational facilities available to members. John Gall, who was the youngest member of the Cincinnati board when he joined in 1948, told what membership has meant to him in his business.

Duke, Neale, Others Up for Election by NFPA

The nominating committee of National Fire Protection Assn. has put up the following officers for election at the annual meeting May 16 in Cincinnati:

Presdent, T. Seddon Duke, president of Star Sprinkler Corp. of Philadelphia, vice-presidents, John A. Neale, chief engineer of National Board, and Henry G. Thomas, fire department chief of Hartford; secretary-treasurer, Hovey T. Freeman, president of Manufacturers Mutual Fire; board chairman, Richard E. Vernor, manager fire prevention department of Western Actuarial Bureau; and directors, W. J. Baker, chief engineer of North America; M. S. Blake, assistant insurance department manager of Bethlehem Steel Co.; E. K. Clark, vice-president of Johns-Manville Sales Corp.; Elmer F. Reske, manager of Cook County Inspection Bureau, and Frank D. Ross, general manager of Factory Insurance Assn.

K. C. Insurance Society Discusses Block Policies

The March meeting of Insurance Society of Kansas City featured a panel discussion of the new mercantile block policies and an analysis of the new standard automobile policy terms and conditions. The exciting and controversial nature of the mercantile block policies were examined in detail by Richard C. Fuchs, a long-time inland marine specialist now vice-president of the Gene Strauss agency; John F. O'Reilly, inland marine special representative of Royal-Liverpool group; Donald C. Brain of W. B. Johnson & Co.; and Ingolf H. E Otto, general manager of Oppenheimer Brothers. The panel agreed that the block policies were here to stay; that they would take over more and more of the lines now being written as fire insurance; that they represented a desirable simplification of an assured's program; but that they were not a rate-cutting device and should never be used as such.

The second hour was given over to a detailed discussion of the terms and conditions of the new standard automobile policy coming into use, by Max Doehler, assistant manager of Bruce Dodson & Co.

American Moves Woods to Rockford Claims Post

Roy E. Woods, Decatur, Ill., staff adjuster for American, has been appointed a claims examiner in the group's western department office at Rockford.

Bill F. Green, formerly with the group but more recently an independent adjuster, has rejoined the group and will replace Mr. Woods.

Burns Elected in Okla.

Casualty & Surety Assn. of Oklahoma has elected John K. Burns, National Surety, as president; David J. Stone of U.S.F.&G. as vice-president, and Richard L. McRee of Southwest General as secretary-treasurer. Edwin C. Rooney, Trinity-Universal, is the retiring president.

LOYALTY GROUP

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	$ 6,504,482.72	Reserve for Losses	$ 18,869,733.29
Mortgage Loans on Real Estate	965,857.92	Reserve for Loss Expenses	1,641,500.00
*Bonds and Stocks	147,618,784.78	Reserve for Unearned Premiums	54,939,364.59
Interest due and accrued	171,504.67	Reserve for Taxes and Expenses	2,459,097.50
Agents and Departmental Balances	3,799,979.91	Funds held under Reinsurance Treaties	7,836,740.08
Real Estate	3,213,500.00	All other Liabilities	1,104,179.18
Equity in Marine and Foreign Insurance Pools	9,022,449.11	**Capital**	10,000,000.00
All other Assets	1,455,742.29	**Net Surplus**	75,901,686.76
Total admitted assets	$172,752,301.40	**Total**	$172,752,301.40

SURPLUS TO POLICYHOLDERS $85,901,686.76

Securities carried at $3,290,509.33 in the above statement are deposited as required by law.

GIRARD INSURANCE COMPANY OF PHILADELPHIA, PA.

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	$ 598,124.35	Reserve for Losses	$ 1,971,464.67
Mortgage Loans on Real Estate	1,841.96	Reserve for Loss Expenses	171,500.00
*Bonds and Stocks	13,083,787.60	Reserve for Unearned Premiums	6,113,108.65
Interest due and accrued	34,661.45	Reserve for Taxes and Expenses	284,672.50
Agents and Departmental Balances	935,891.86	All other Liabilities	26,299.08
Real Estate	160,000.00	**Capital**	1,000,000.00
All other Assets	400,669.59	**Net Surplus**	5,647,931.91
Total admitted assets	$15,214,976.81	**Total**	$15,214,976.81

SURPLUS TO POLICYHOLDERS $6,647,931.91

Securities carried at $795,921,11 in the above statement are deposited as required by law.

NATIONAL-BEN FRANKLIN INSURANCE COMPANY OF PITTSBURGH, PA.

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	$ 701,306.98	Reserve for Losses	$ 1,971,464.67
*Bonds and Stocks	12,961,657.05	Reserve for Loss Expenses	171,500.00
Interest due and accrued	31,762.10	Reserve for Unearned Premiums	5,739,933.61
Agents and Departmental Balances	1,584,124.81	Reserve for Taxes and Expenses	293,472.50
Real Estate	70,500.00	All other Liabilities	22,734.98
All other Assets	269,713.05	**Capital**	1,000,000.00
		Net Surplus	6,419,958.23
Total admitted Assets	$15,619,063.99	**Total**	$15,619,063.99

SURPLUS TO POLICYHOLDERS $7,419,958.23

Securities carried at $1,822,477.09 in the above statement are deposited as required by law.

MILWAUKEE INSURANCE COMPANY OF MILWAUKEE, WIS.

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	$ 704,674.28	Reserve for Losses	$ 5,351,118.39
Mortgage Loans on Real Estate	349,567.43	Reserve for Loss Expenses	465,500.00
*Bonds and Stocks	36,221,447.38	Reserve for Unearned Premiums	15,579,819.80
Interest due and accrued	66,711.94	Reserve for Taxes and Expenses	803,582.50
Agents and Departmental Balances	2,824,359.57	All other Liabilities	51,729.61
		Capital	3,000,000.00
All other Assets	206,228.78	**Net Surplus**	15,121,239.08
Total admitted Assets	$40,372,989.38	**Total**	$40,372,989.38

SURPLUS TO POLICYHOLDERS $18,121,239.08

Securities carried at $2,754,310.37 in the above statement are deposited as required by law.

ROYAL GENERAL INSURANCE COMPANY OF CANADA

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	$ 34,471.83	Reserve for Taxes and Expenses	$ 3,863.32
Bonds and Stocks	399,903.86	**Capital**	100,000.00
Interest Due and Accrued	2,904.58	**Net Surplus**	362,343.76
Agents and Department Balances	15,526.81		
All other Assets	13,400.00		
Total admitted Assets	$466,207.08	**Total**	$466,207.08

SURPLUS TO POLICYHOLDERS $462,343.76

Securities carried at $55,801.87 in the above statement are deposited as required by law.

THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	$ 2,158,645.87	Reserve for Losses	$ 18,433,961.00
Mortgage Loans on Real Estate	53,792.36	Reserve for Loss Expenses	1,779,775.00
*Bonds and Stocks	43,576,089.40	Reserve for Unearned Premiums	13,366,920.06
Interest due and accrued	121,764.91	Reserve for Taxes and Expenses	1,513,059.00
Agents and Departmental Balances	3,594,144.55	Funds held under Reinsurance Treaties	189,825.78
		All other Liabilities	280,587.95
Equity in Marine and Foreign Insurance Pools	141,845.57	**Capital**	2,000,000.00
All other Assets	243,951.19	**Net Surplus**	12,326,105.06
Total admitted Assets	$49,890,233.85	**Total**	$49,890,233.85

SURPLUS TO POLICYHOLDERS $14,326,105.06

Securities carried at $4,440,750.05 in the above statement are deposited as required by law.

COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.

DECEMBER 31, 1954

ASSETS		LIABILITIES	
Cash	$ 2,038,580.99	Reserve for Losses	$ 22,082,945.00
Mortgage Loans on Real Estate	450,709.87	Reserve for Loss Expenses	2,100,947.00
*Bonds and Stocks	50,889,280.64	Reserve for Unearned Premiums	15,495,847.68
Interest due and accrued	119,254.06	Reserve for Taxes and Expenses	1,534,026.45
Agents and Departmental Balances	3,701,677.51	Funds held under Reinsurance Treaties	616,139.04
		All other Liabilities	157,651.96
Equity in Marine and Foreign Insurance Pools	147,212.23	**Capital**	2,000,000.00
All other Assets	141,118.75	**Net Surplus**	13,500,276.92
Total admitted Assets	$57,487,834.05	**Total**	$57,487,834.05

SURPLUS TO POLICYHOLDERS $15,500,276.92

Securities carried at $1,692,140.80 in the above statement are deposited as required by law.

*Valuations on basis prescribed by National Association of Insurance Commissioners

HOME OFFICE

10 PARK PLACE, NEWARK 1, NEW JERSEY

Western Department
120 So. LaSalle St., Chicago 3, Illinois

Southwestern Department
912 Commerce St., Dallas 22, Texas

Foreign Department
102 Maiden Lane, New York 5, New York

Pacific Department
220 Bush St., San Francisco 6, Calif.

Canadian Departments
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.